



City of Westminster

# Committee Agenda

Title: **Cabinet**

Meeting Date: **Monday 15th October, 2018**

Time: **7.00 pm**

Venue: **Room 3.1, 3rd Floor, 5 Strand, London, WC2 5HR**

Members: **Councillors:**

Nickie Aiken (Chairman)	David Harvey
Heather Acton	Tim Mitchell
Ian Adams	Rachael Robathan
Richard Beddoe	Andrew Smith

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

**Admission to the public gallery is by ticket, issued from the ground floor reception at City Hall from 6.30pm. If you have a disability and require any special assistance please contact the Committee Officer (details listed below) in advance of the meeting.**



**An Induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter. If you require any further information, please contact the Committee Officer, Reuben Segal, Head of Committee and Governance Services.**

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

## **AGENDA**

### **PART 1 (IN PUBLIC)**

**1. WELCOME**

**2. DECLARATIONS OF INTEREST**

To receive declarations by Members and Officers of the existence and nature of any personal or prejudicial interests in matters on this agenda.

**3. MINUTES**

To approve the minutes of the meeting held on 9 July 2018.

**(Pages 5 - 14)**

**4. 2019-2020 BUDGET PROPOSALS**

Report of the City Treasurer

**(Pages 15 - 466)**

**5. CAPITAL STRATEGY 2019-2020 TO 2023-2024, FORECAST POSITION FOR 2018-2019 AND FUTURE YEARS' FORECASTS SUMMARISED UP TO 2032-2033**

Report of the City Treasurer

**(Pages 467 - 522)**

**6. HOUSING INVESTMENT STRATEGY AND HOUSING REVENUE ACCOUNT BUSINESS PLAN 2019-2020**

Report of the Executive Director, Growth, Planning and Housing

**(Pages 523 - 562)**

**7. TREASURY MANAGEMENT STRATEGY STATEMENT FOR 2019-2020 TO 2023-2024**

Report of the City Treasurer

**(Pages 563 - 596)**

**8. INTEGRATED INVESTMENT FRAMEWORK 2019-2020**

Report of the City Treasurer.

**(Pages 597 - 616)**

**9. STRATEGIC OPTIONS FOR CITYWEST HOMES**

**(Pages 617 -  
752)**

Report of the Executive Director, Growth, Planning and Housing

**Stuart Love  
Chief Executive  
5 October 2018**

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CITY OF WESTMINSTER

## MINUTES

### Cabinet

#### MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Cabinet** held on **Monday 9th July, 2018**, Room 3.1, 3rd Floor, 5 Strand, London, WC2 5HR.

**Members Present:** Councillors Nickie Aiken (Chairman), Ian Adams, Richard Beddoe, David Harvey, Tim Mitchell and Rachael Robathan

**Also Present:** Councillors Angela Harvey, Gotz Mohindra, Andrea Mann (Item 6), Shamim Talukder (Item 6) and Murad Gassanly (Item 6)

**Apologies for Absence:** Councillor Heather Acton and Councillor Andrew Smith

#### 1 WELCOME

1.1 The Leader welcomed everyone present.

#### 2 DECLARATIONS OF INTEREST

2.1 There were no declarations of interest.

#### 3 MINUTES

3.1 **RESOLVED:** The Chairman, with the consent of the members present, signed the minutes of the meeting held on 19 February 2018 is a true and correct copy of the proceedings.

#### 4 ANNUAL ACCOUNTS AND OUTTURN 2017-2018

4.1 Steve Mair, City Treasurer, introduced a report that presented the Statement of Accounts for the Council and its Pension Fund for 2017/18 and provided a narrative as to the outturn position for the financial year ending 31<sup>st</sup> of March 2018.

4.2 The City Treasurer advised that the Council's accounts had received a clean audit opinion and clean value for money opinion. The auditors had certified that the accounts presented a true and fair view and had been properly prepared in accordance with all statutory requirements. He explained that the public inspection period had ended and no objections to the accounts had

been received. As with most audits a few issues had been identified but none were of a material nature and had been addressed.

4.3 Councillor Rachael Robathan, Cabinet Member for Finance, Property and Regeneration, congratulated the City Treasurer and his team for the successful delivery of the closure of accounts process and the continual improvement in its financial management. This was supported by the Leader of the Council who asked Mr Mair to extend this thanks to his team.

4.4 **RESOLVED:** That the audited 2017/18 Annual Accounts be noted.

## **5 FEES AND CHARGES REVIEW**

5.1 Steve Mair introduced the report which set out the outcome of an annual review of fees and charges for 2018/19. He explained that fees and charges contribute a number of benefits to the Council. They help manage demand and cover the costs of providing services whilst contributing to the Council's medium term planning (MTP) savings.

5.2 Councillor Rachael Robathan commended the report and its recommendations. She then informed Cabinet that this was the City Treasurer's last attendance at Cabinet prior to his retirement in August. She thanked him for the service that he has provided to the City of Westminster.

5.3 The Leader of the Council also extended her thanks to Mr Mair for his service in steering the Council through the difficult financial challenges arising from the reduction in government funding for local authorities and for leaving the Council on a sound financial footing.

5.4 **RESOLVED:**

1. That Appendix 2 and Appendix 3 be exempt from public disclosure by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended – information relating to the financial and business affairs of the authority; and
2. That Cabinet:
  - a) Approved changes to fees and charges as outlined in Appendix 3 of this report
  - b) Noted changes already approved by other committees/members for 2018/19 highlighted in Appendix 2 of this report.
  - c) Noted fees for which no increase is proposed for 2018/19. Detail of these fees are included in Appendix 2 of this report.
  - d) Noted overall proposed contribution from fees and charges to the Medium Term Plan (MTP) for 2018/19 and 2019/20 as highlighted in table 2 of section 7 of this report
  - e) Agreed that all areas of fees and charges work towards alignment of date of approval and that this is coordinated on an annual basis as part of an annual Fees and Charges report
  - f) Noted the fees and charges policy

3. That the information set out in Appendix 2 of the report be noted.

## **Reason for Decision**

To agree the Council's fees and charges position and changes for the coming year.

## **6 EBURY BRIDGE ESTATE RENEWAL**

- 6.1 Councillor Rachael Robathan introduced the item. She stated that it had been almost one year since she and the Leader of the Council had addressed a meeting of residents on the Ebury Bridge estate where they made a commitment to provide a long term solution for the regeneration of the estate and come up with new proposals. This included re-consulting with residents. It was made clear at the meeting that the Council would look at all available options. Councillor Robathan advised that over the last year a significant amount of work had been undertaken which included engaging with local residents and businesses. She stated that the Council has always been clear about what it wants to achieve from any proposal, which is a significant uplift in the provision of affordable housing. A desirable scheme would need to address the long term physical, economic and social needs of the area including providing more spacious homes for those families living in overcrowded accommodation.
- 6.2 Councillor Robathan explained that from the outset the Council was clear that any scenario involving redevelopment would have to deliver on a set of key pledges, which were set out in paragraph 4.5 of the report and this remained unchanged. She thanked the Community Futures Group (CFG), formed of representatives of residents across all tenures, for its work in helping the Council to identify how to engage more effectively with residents. She believed that the engagement process had been incredibly thorough with 80% of all households and 90% of all leaseholders engaged. She advised that active, ongoing engagement will be vital and she looked forward to working with the CFG as the regeneration process moves forward.
- 6.3 Councillor Robathan explained that eight scenarios emerged from the engagement process. The financial viability of all the options were tested. The scenarios ranged from total refurbishment of the estate with no new homes to total regeneration providing in excess of 800 new homes. She advised that scenario 7 emerged as the preferred option and would provide 750 homes of which 414 would be new homes providing 46% affordable to 54% leasehold properties. The entire estate, however, would be tenure blind. All existing 198 social homes would be replaced on site but to a much higher standard than exists presently. 144 additional affordable units including family sized homes would be provided.
- 6.4 With regards to the formal consultation on option 7, Councillor Robathan advised that of the 93 tenants that responded, 56 were in favour, 33 did not comment either negatively or positively whilst 4 were against. Of the 6 leaseholders that responded, 3 were in favour and 3 were against.
- 6.5 Councillor Andrea Mann then addressed the Cabinet in her capacity as a Ward Councillor for Churchill and on behalf of her fellow Ward Councillor,

Shamim Talukder. On the issue of meaningful resident engagement, she contended that there was a disparity between the positive comments expressed in the Cabinet report and the views expressed directly to her by residents. She advised that those residents did not believe that the consultation had been well undertaken. She further advised that there was no evidence that the majority of residents supported the preferred development scenario. Only 59 residents out of 217 households on the estate had indicated support. In light of this she believed that meaningful engagement with residents and a full resident ballot is required. Councillor Mann commented that a residents ballot was held on the Council's previous proposals in 2013 and 63% voted in favour.

- 6.6 Councillor Mann expressed concern that to date £30m had been spent on the regeneration without any building work commencing. She referred to the fact that the estate had first been earmarked for regeneration in 2010 and that residents had been living with uncertainty for the last 8 years. She explained that 30% of the estate is vacant due to the requirement to re-house residents in preparation for the regeneration. This, she contended, has led to the breakdown of the existing community. The Equalities Impact Assessment has revealed that many of the estate's households are vulnerable or in need and she requested that appropriate support for residents to meet the challenges presented by the regeneration process are put in place. Councillor Mann then went on to express concern that the new recommended proposals will result in a reduction in social housing on the estate. She stated that at present, 57% of housing is made up of social tenants. Under the current proposals this will reduce to between 34% to 38%. Even if intermediate housing is included it will deliver no more than 45%. She contended that this will result in the make up of the community changing for ever. She requested that if the proposals are agreed that the Residents Association should lead and guide future consultation with residents.
- 6.7 Councillor Murad Gassanly then addressed the Cabinet in his capacity as a Churchill Ward Councillor. He advised that he had been sceptical at the time about the 2013 scheme on the basis that it was financially unviable and had offered few new homes including new social homes. He believed that the new proposals provide an opportunity to deliver a financially viable scheme that includes hundreds of new homes, many of which will be of intermediate tenure. It also provides replacement properties for existing tenants and new and exciting retail and public realm.
- 6.8 Councillor Gassanly stated that whilst he understood the concerns expressed by some residents, many that he had spoken to over the last 12 months had spoken positively about the engagement with the Community Futures Group. He advised that a number of residents had expressed their desire to see the regeneration accelerated so that they could return to the estate, an issue that he had presented a petition on to the Council last year. He contended that after years of delay it was time to deliver and at speed. He had been impressed by the Regeneration Base which is sited on the estate and thanked the Regeneration team for their hard work.
- 6.9 Barbara Brownlee, Executive Director for Growth, Planning and Housing, then addressed the Cabinet. In response to comments from Ward Councillors

regarding slippage of major works on the estate over time, she advised that CityWest Homes has been tasked with the Regeneration Lead to progress necessary works.

- 6.10 Barbara Brownlee acknowledged that due to the need to re-house residents, some on the estate feel that the community has been broken up. She advised that the regeneration team supports the community through a range of measures including providing weekly phone calls and visits to those residents who have moved off the estate.
- 6.11 The Executive Director for Growth, Planning and Housing explained that it had been important to consider and assess all of the options for regenerating the estate. She stated that it had also been important to investigate all scenarios to discover those which are financially unviable so that residents understood why certain options were not being put forward. Some leaseholders had indicated that they would prefer a refurbishment of the existing estate until they understood the cost and limitations that this scenario would have both for them and in terms of providing much needed new housing. Councillor Robathan agreed that it would have been wrong not to show residents all of the scenarios and the implications of delivering them.
- 6.12 Councillor Ian Adams, Cabinet Member for Public Protection and Licensing, sought further reassurance on the engagement with stakeholders. Councillor Robathan advised that the CFG has and would continue to play a vital role in engaging Ebury Bridge residents and businesses over the future of the estate. She explained that it is an independently chaired resident led steering group that was formed to provide strategic direction, challenge and support to the project team. She welcomed any ideas that Councillor Mann wished to put forward on how the Council can further improve the engagement process.
- 6.13 Councillor Angela Harvey, Licensing Committee Chairman, asked for further information about the proposed local lettings policy. Councillor Robathan stated that there will be a local lettings policy for the estate. In consultation with the CFG the Council will determine what is appropriate and the area to be included. Those in priority need such as families in overcrowded accommodation will have priority for homes on the estate.
- 6.14 Councillor Tim Mitchell, Cabinet Member for Environment and City Management, referred to the fact that there had been difficulty in finding a delivery partner for the previously agreed scheme. He asked how confident the Council was in attracting a prospective developer for the current preferred development scenario. Barbara Brownlee stated that the preferred development scenario is based on a very conservative set of assumptions and includes built-in contingencies such as the prospect of delays. She explained that in conjunction with the Procurement team a presentation on the recommended scenario was provided to a gathering of 70-80 developers. This generated significant interest with the Council undertaking individual discussions with between 30-40 developers. She was confident that the Council now has a scheme which is considered to be viable from the perspective of a developer. She advised that unlike the previous scheme, the Council will let the delivery partner lead on submitting any future detailed planning application.

## 6.15 **RESOLVED:**

1. That Appendix D be declared as exempt from publication as this involves the disclosure of information as prescribed by paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972, as amended, in that they contain information relating to the financial or business affairs of any particular person (including the authority) as per paragraph 2.1 below.
2. That Cabinet:
  1. Agreed to take forward Scenario 7 as the preferred development scenario.
  2. Agreed to conclude the Outline Business Case (Part 1).
  3. Agreed to extend the re-development boundary to the area needed by the preferred scenario. Please note this land is held freehold by the Council.
  4. Authorised Officers to enter into voluntary negotiations with residents and retailers to acquire all interests in scenario 7 by agreement at open market value together with compensation commensurate with that payable under compulsory purchase provisions.
  5. Agreed to extend rehousing commitments to both tenants and leaseholders contained in new development boundary.
  6. Authorised determination/future agreement of commercial leases in line with retail strategy.
  7. Agreed to voids no longer being let on residential secure tenancies.
  8. Authorised tender and commencement of enabling and demolition works including initial demolition notices on void properties to de-risk unknowns and accelerate a start on site in dialogue with Community Future Group (CFG).
  9. Authorised the implementation of a Meanwhile Use strategy in partnership with the CFG for temporary uses on cleared areas.
  10. Agreed for a Cabinet Member decision in October 2018 to select a preferred delivery route that will be supported by the Outline Business Case (Part 2).
  11. Agreed to the need for external procurement, property and legal advice associated with the delivery of the overall project.

### **Reasons for Decision**

1. The Ebury Bridge Estate is one of the five priority estates identified in the Council's Housing Renewal Strategy (2010) as needing significant improvement and investment. In line with the Council's City for All objectives,

the overarching objective of regenerating Ebury Bridge Estate is to create a comprehensive renewal that brings about physical, economic and sustainable change that creates additional homes and improves the lives of residents, businesses and visitors alike.

2. Scenario 7 is viewed as the preferred approach following the extensive resident consultation. It brings about the most beneficial changes when judged against the developed scenario assessment (see summary matrix at Appendix C). This assessment incorporates an evaluation of Viability, Desirability and Deliverability across the eight scenarios and is supported by:
  - The wide-ranging consultation process with residents and businesses;
  - Soft Market testing within the development market,;
  - The feasibility work completed by the Council led design team and the review;of the five cases within the Outline Business Case (Part 1).
3. Scenario 7 provides a compelling case in the public interest for regeneration after a period of resident consultation including a 6 week consultation on the preferred scenario. This scenario will involve comprehensive estate renewal through the creation of 750 homes, including 342 affordable homes, community facilities, retail accommodation and improved public realm, subject to planning. Further design work will involve further consultation with residents and the wider community.

## **7 OXFORD STREET DISTRICT - PROJECT APPROACH**

- 7.1 Barbara Brownlee, Executive Director for Growth, Planning and Housing, introduced a report that set out the City Council's approach to developing a district wide solution for the area spanning Tottenham Court Road to Marble Arch, and including the surrounding neighbourhoods to the north and south. The area will be referred to as the Oxford Street district.
- 7.2 Barbara Brownlee explained that the City Council will develop a place based strategy for the Oxford Street district. The new approach will build on the evidence base compiled to date by the Council and Transport for London (TfL) and when necessary supplement it. A key part of the evidence base is the feedback from residents, both formally and informally. The Council will consult those in the four affected wards referenced in the report. She advised that the project development will comprise of four stages and will take place in conjunction with the development and implementation of the Oxford Street safety scheme, which will look at traffic calming and other measures, to mitigate the impact of increased footfall following the opening of the Elizabeth Line.
- 7.3 The Executive Director for Growth, Planning and Housing tabled an amendment to the recommendation in the report that related to the revenue funding for the project. She explained that contrary to officers' initial understanding which was based on historic assumptions, the 2018/19 Local Implementation Plan Allocation did not include funding for Oxford Street. She advised that the Council was able to fund fully the development of a set of

feasibility/concept options for the district through a reallocation of revenue funding.

7.4 Councillor Richard Beddoe, Cabinet Member for Place Shaping and Planning, stated that the two previous public consultations on the transformation of Oxford Street West had been insightful. The Council could have implemented the previously proposed full-scale pedestrianisation of Oxford Street West despite not having the support of local residents. However, the proposals would have only ever provided a partial solution to a small section of Oxford Street whilst ignoring wider issues. He believed that the new district wide approach would provide a more holistic solution.

7.5 The Leader of the Council hoped that the development of a district wide solution will be supported by the Mayor of London as she believed that it would respond to his objectives for Oxford Street as well as those of the City Council.

7.6 **RESOLVED:**

That Cabinet:

1. Endorsed the new approach for the Oxford Street District Project as detailed in the report;
2. Agreed the Governance outlined in the report;
3. Approved the revenue funding of £727,000, made up of a reallocation of the council's own revenue for the development of a place based solution and a set of feasibility/concept options for the district; and,
4. Noted plans to bring forward necessary safety works and governance associated with the development and implementation of the specific Oxford Street safety scheme ahead of the opening of the Elizabeth Line and during 2019, which will be subject of a separate Cabinet Member Report.

**Reasons for Decision**

1. The Leader of the City Council on 7<sup>th</sup> June announced that there is a need to be hugely ambitious to ensure the district's long-term success by future proofing Oxford Street and the surrounding area so it remains the pre-eminent, retail focused, outdoor shopping destination in the UK.

2. In December 2017, the Leader and Deputy Leader issued eight pledges to residents, created to assure residents that the City Council would safeguard their amenity by insisting that no scheme would be approved that failed to meet their concerns. Feedback from residents in the consultation report, confirmed that 61% of Westminster residents did not support the partial pedestrianisation of Oxford Street (Orchard Street to Oxford Circus). Subsequent statements from the City Council, made clear that the scheme consulted upon had not achieved a local consensus.
3. In these circumstances, the City Council considers it necessary to devise other solutions that will transform the district and meet concerns expressed.
4. The previous project structure to devise a solution for Oxford Street was developed within a joint team with Transport for London. This produced a significant body of information about the district. Going forward, the City Council will lead the project and consequently a new governance and operational structure is needed as outlined. We will continue to liaise and work closely with residents, stakeholders and partners (Mayor/Greater London Authority, TfL and New West End Company) to develop new solutions.
5. Resources are needed to provide staffing and commissions to facilitate work to devise a new solution(s).
6. Work on the options to ensure a safe street and district prior to the opening of Elizabeth Line is currently being progressed and will be presented for decision to the Cabinet Member for Environment and City Management in July 2018. This will advise the Cabinet Member of any required works aimed at ensuring the street and district is safe given the increase in forecast passengers associated with the gradual impacts of the Elizabeth Line opening.

**8 ANY OTHER BUSINESS THE CHAIRMAN CONSIDERS URGENT**

The Meeting ended at 7.54 pm

**CHAIRMAN:** \_\_\_\_\_

**DATE** \_\_\_\_\_

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## City of Westminster Cabinet Report

<b>Decision Maker:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>15 October 2018</b>
<b>Classification:</b>	<b>General Release</b>
<b>Title:</b>	<b>2019/20 Budget Proposals</b>
<b>Wards Affected:</b>	<b>All</b>
<b>Policy Context:</b>	<b>To manage the Council's finances prudently and efficiently</b>
<b>Cabinet Member:</b>	<b>Cabinet Member for Finance, Property and Regeneration</b>
<b>Financial Summary:</b>	<b>This report sets out the Council's budget proposals for the 2019/20 financial year. For 2019/20, the Council estimates a total gross General Fund savings requirement of £35.848m. This is due to £26.300m for core funding losses and other Council-wide pressures as well as a further £9.548m of unavoidable, direct service pressures.</b>
<b>Report of:</b>	<b>Steven Mair, City Treasurer Tel: 0207 641 2904 Email: <a href="mailto:smair@westminster.gov.uk">smair@westminster.gov.uk</a></b>

# 1 Executive Summary

## City For All: the Council's strategy and priorities

- 1.1 Westminster City Council's strategy, City for All, aims to make Westminster a place where people are born into a supportive and safe environment, can grow and learn throughout their lives, build productive careers, have access to high-quality, affordable homes and retire into the community with dignity and pride.
- 1.2 This is no small challenge as the Council operates in a unique environment. This includes:
  - a resident population of over 244k individuals;
  - daily visitors of approximately 1m people (including over 700k workers);
  - more than 150 languages spoken in the borough's schools;
  - approximately 50k businesses being based in the borough;
- 1.3 From 2018/19, there are five priority areas to enable for City for All to be realised:
  - city of opportunity i.e. creating opportunities so that everyone can build their lives, careers and families in the borough;
  - city that offers excellent local services i.e. continue to drive improvements and partnership working to keep the borough safe, clean and well run;
  - caring and fairer city i.e. prioritising the care and support for the most vulnerable individuals in the borough;
  - healthier and greener city i.e. working closely with partners such as the NHS to encourage individuals and families to enjoy active and healthy lives.
  - city that celebrates its communities i.e. ensuring that everyone has a stake in the city and can actively contribute to their community
- 1.4 These priorities are underpinned by an open, working partnership between residents, businesses and other stakeholders – through which the Council will work with across the community to build an even fairer, stronger and more cohesive Westminster.
- 1.5 To ensure that these priorities are delivered, the Council has set aside ring-fenced funding for the "#MyWestminster Programme". This programme consists of three parts:
  - #MyWestminster Fund;
  - #MyWestminster Projects;
  - #MyWestminster City Lions.
- 1.6 These are discussed in more detail in section 4 but to date, under the #MyWestminster Fund strand, 29 local community organisations have successfully bid for approximately £0.200m of funding and under the

#MyWestminster Projects strand and 17 projects have been allocated funding (£1.742m as approved in January 2018). The #MyWestminster City Lions strand will aim to work with 13-15 year olds and focus on linking them with the most high profile companies and institutions in the borough.

1.7 All budget proposals presented have been carefully tested against the City for All priorities.

1.8 To support the delivery of the City for All priorities and the underpinning delivery programmes, the Council will continue to embed the staff values of being:

- **Productive** – to show initiative, drive and determination and help others to be productive and make informed decisions;
- **Ambitious** – to constantly challenge, create new solutions and work as a team;
- **Collaborative** – to work with partners, show local leadership, treat everyone with courtesy and fairness and challenge one another respectfully; and
- **Enterprising** – to constantly seek better Value for Money and to reduce cost, seeking to generate growth and take managed risks to achieve the best outcomes.

1.9 The challenging financial climate resulting from year on year funding reductions, increased demands for services and wider macro uncertainty has continued to adversely impact Local Government. Based on the multi-year settlement offer from Central Government and internal modelling, the Council had already anticipated that further savings would be required in 2019/20.

1.10 The 2019/20 financial year is pivotal for Local Government; this is the last year of the multi-year settlement and between now and 2020/21 a number of developments are expected that are likely to impact the Council's funding or service delivery, these are depicted below. Where information is available, these are discussed further in section 6.



1.11 For 2019/20, the Council has continued to build on the time invested in the 2018/19 Medium Term Planning process and is in a position to put forward budget proposals for 2019/20 for consideration and approval now. This provides a greater period of time for services to ensure the smooth implementation of their budget changes.

- 1.12 It should be noted that there is the potential for further changes to the Council's financial position between the date of this report and Full Council on 6 March 2019. These matters may include:
- further changes or impact of final determinations over and above current modelling made by Central Government to the Council's grants which may become apparent in December 2018;
  - pressures to budgets not currently anticipated;
  - other changes which are unforeseen or not possible to estimate until later in the financial year e.g. impact of final approved Council Tax base for 2019/20;
  - changes as a result of consideration of consultations or equality impact assessments.
- 1.13 The potential for the changes described in 1.12 will be monitored and modelled closely as the year progresses. Services along with support from the City Treasurer have invested much time and effort into the development of these budget proposals which has again been a challenging process and has to date identified total gross General Fund savings requirement of £35.848m. As in previous years, all of the proposed savings are from measures which avoid service reductions e.g. budget savings through income generation, efficiencies and other transformation means.
- 1.14 While some uncertainties remain, the Council is confident the budget proposals presented in this report offer a strong basis of a fully balanced budget for 2019/20. Furthermore, the Council's ongoing, forward-looking approach means it is well placed to meet its future financial challenges if management action on budget proposals continues as currently envisaged and planned.
- 1.15 At period 4, services area revenue budgets are projected to underspend by £2.194m by year-end. All variances are subject to active management throughout the financial year and it is anticipated that a favourable variance will be delivered by year-end in line with the Council's track record. The Council tracks and monitors financial performance monthly and any risks are reported through routine management reporting along with the progress being made against the savings and growth targeted for the year. Westminster adopts a robust and pro-active approach to budget management, with a focus on strategic (corporate) and operational (service areas) risks and opportunities.
- 1.16 The capital programme is set in detail over the period from 2019/20 to 2032/33 at a gross budget of £3.8bn (fifteen years of General Fund and HRA investment) and is funded through a combination of external funding, capital receipts and borrowing. Capital investment is targeted to deliver the aims of City for All, delivering affordable homes, improved facilities and well-maintained infrastructure and public realm. This will help Westminster to maintain its status as a key global centre for business, retail, entertainment and tourism and

continue to provide first class services for our residents. The capital programme report contains further details on the capital schemes and is reported separately on this agenda.

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

## **2 Recommendations**

- 2.1 Having considered and had regard to the Equality Impact Assessments (EIA) in Annex B and considered the views of the Budget and Performance Task Group set out in Annex A, that Cabinet approve and recommend to Full Council the following:

- the budget proposals, set out in Annexes B and C, for the 2019/20 budget where relevant external consultations have been completed (remaining consultations are on savings items outlined in 19.1 and as reviewed by the Budget and Performance Task Group as detailed in Annex A;
- in principle, the budget proposals for the 2019/20 budget where relevant external consultations have not been completed as separately listed in Section 19 are approved. Such proposals will be further considered, by Full Council on 6 March 2019, once all consultations and EIAs (Equality Impact Assessments) have been completed.
- the financial regulations noted in Section 19.6 and set out at Annex D.

- 2.2 Cabinet:

- agrees to receive a further report in February 2019 which will finalise the budget for 2019/20 for approval by Council.

## **3 Reasons for Decision**

- 3.1 The presentation of this budget proposals report offers an early opportunity to note and approve budget changes for the 2019/20 financial year.
- 3.2 All proposals have been assessed for whether they require consultations and equality impact assessments, whether these have been completed or not and,

where they have not been completed, timescales for completion. Completed EIAs are available to all members at Annex B.

#### **4. City for All and My Westminster**

##### **City for All – Beyond 2018/19**

4.1 In July 2018, the Leader of the Council reiterated the Council's commitment to creating a City for All. This aspiration seeks to create opportunities and conditions whereby people in the borough:

- from all backgrounds are empowered to make choices to improve their lives;
- are protected from harm;
- have the opportunity to build their lives and raise their families;

4.2 To achieve this aspiration under City for All, the Council has identified the following five areas to focus resources on:

1. City of opportunity i.e. creating opportunities so that everyone can build their lives, careers and families in the borough. Included here are plans to help deliver approximately 1,850 new Council and Affordable homes by 2023, promote the #MyWestminster City Lions Programme for 13 to 16 year old, support 750 people annually into jobs as well as ensuring Council services work more closely to enable parents to return to work, continue providing support to schools and work with a variety of stakeholders to build a new model of vocational education.
2. City that offers excellent local services i.e. continue to drive improvements and partnership working to keep the City safe, clean and well run. Plans here include, continued investment in Children's Services, license buskers and street entertainers by 2019, work to agree a new protocol with power and utility companies to better co-ordinate works and deliver step changes in the quality of City West Homes customer service
3. Caring and fairer city i.e. prioritising the care and support for the most vulnerable individuals in the borough. Plans here include, five schemes chosen by residents which will receive total investment of nearly £0.400m from the Council's innovative voluntary community contribution scheme, continued support for the new £6m assessment centre for outreach services and rough sleepers, a new 84 bed home providing specialist care for those living with dementia, support for vulnerable children with a package of care to help 700 children with special education needs and funding for a dedicated officer to support local neighbourhoods and assist the police

4. Healthier and greener city i.e. working closely with partners such as the NHS to encourage individuals and families to enjoy active and healthy lives. Plans here include delivering a £1m Schools Clean Air Fund to help schools tackle poor air quality, launch a healthier schools programme to ensure over 42,000 children benefit from better air, oral health and action on obesity, plant 3,000 trees by 2020, expand the *#Don'tBeldle* campaign and sign up 1,000 business to assist in reducing emissions and expand the borough's network of 165 electric vehicle charging points by 25%
  5. City that celebrates its communities i.e. ensuring that everyone has a stake in the city and can actively contribute to their community. The #My Westminster Programme will help to celebrate the City's diversity and place local people at the heart of the Council's work
- 4.3 Projects underway to address the five areas above are discussed below under #MyWestminster Projects.

### **#MyWestminster Programme**

- 4.4 The #MyWestminster Programme was established at the end of 2017/18 and was funded from the 2017/18 General Fund underspend. The total budget set aside for the first round of the Programme is £2.342m. The programme contains three distinct strands:
- #MyWestminster Fund (£0.5m);
  - #MyWestminster Projects (£1.742m);
  - #MyWestminster City Lions (£0.1m)

### **#MyWestminster Fund**

- 4.5 The #MyWestminster Fund is an open fund that allows community groups to bid for projects to support the needs of the local Westminster community groups and its residents.
- 4.6 The first tranche of funding opened for applications in December 2017 and proposals had to come from organisations rather than individuals and all projects must be delivered by March 2020. In addition, for this tranche only, applications could also be submitted for projects, which would be delivered at, or around, the #MyWestminster Day on 1 July 2018.
- 4.7 Between December 2017 to February 2018, 139 applications for funding were received, of which 29 have been awarded funding totalling approximately £0.200m.
- 4.8 Applications for further funding were opened for submission between June to August 2018. Funding for projects will need to address the themes of building

community leadership; celebrating community cohesion; building pride in mixed and vibrant neighbourhoods; improving the environment and supporting young people. The outcome of this round of funding applications will be announced in the autumn of 2018.

### **#MyWestminster Projects**

- 4.9 The #MyWestminster Projects are a package of Council-led initiatives to address the City for All vision. These have largely moved into delivery phases with various launches of new services and initiatives happening throughout the first half of 2018. £1.742m was allocated to projects identified in January 2018.

### **#MyWestminster City Lions**

- 4.10 The My Westminster City Lions was renamed from the #MyWestminster Club following consultation with the Youth Council and it is a development programme to help 13-16 year olds broaden their horizons and secure exposure to exciting work place experiences.
- 4.11 Westminster's schools are excellent; educational attainment is very high, the Council wishes to do more to ensure young people can realise the benefits of being at the heart of the nation's capital.
- 4.12 In order to create opportunities for young people and fill the gap in existing programmes, the #MyWestminster City Lions programme will focus on linking young people with the most highly profile companies and iconic institutions in Westminster. In particular, those young people who are less likely to access such opportunities will be targeted.

## **5 Financial Context**

### **Background: Central Government Funding Landscape and Westminster**

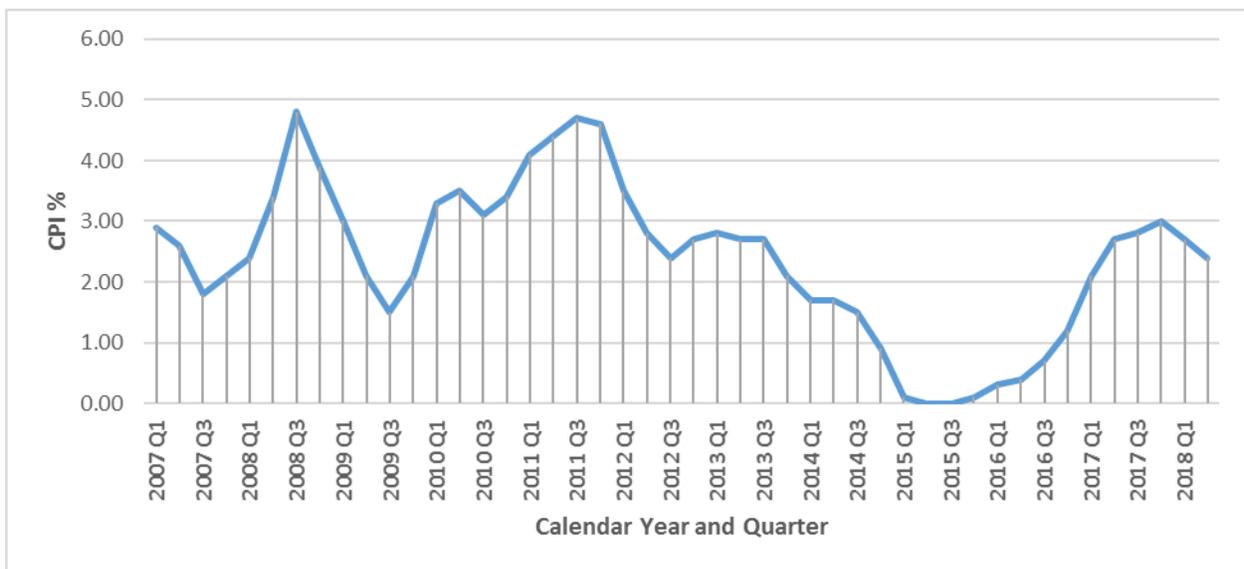
- 5.1 Since 2010 Westminster City Council has faced significant financial challenges stemming from the economic downturn which first began to manifest in late 2007. This resulted in austerity measures announced in the Government's October 2010 Spending Review and was accompanied by higher expectations on the Council. Specifically, the Council has had to contend with:
- grant funding reductions from Central Government;
  - demand led pressures impacting services e.g. due to demographic changes;
  - uncertainty on inflation;
  - service pressures;
  - other issues e.g. Government policy changes as part of managing austerity.
- 5.2 The level of reductions and changes to Local Government funding itself since 2010/11 makes year on year comparisons of funding changes difficult. The

National Audit Office (NAO) stated in their report from March 2018, “Financial Sustainability of Local Authorities 2018” that between the period 2010/11 to 2017/18, English local authorities had lost an average of 49.1% of their government funding. The NAO went on to forecast that by 2019/20, this reduction would be 56.3%.

- 5.3 London Councils undertook a more detailed analysis of government funding reductions and estimated that between 2010/11 to 2019/20:
- English local authorities (excluding the GLA and Fire Authorities) as a whole will have lost 60.9% of their core funding;
  - more specifically, London Boroughs will have lost on average 57.4% of their core funding from Central Government.
- 5.4 The Council estimates that between 2010/11 to 2019/20, its total estimated loss in Government funding will be circa 51.2%.

### General Volatility

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



- 5.6 This climate is expected to last for the foreseeable future and the Council will continue to adapt by developing stronger understanding of future developments e.g. localised business rates retention. The Government’s previous Autumn Statements and Spending Reviews have set out the strategic direction for public expenditure. These have confirmed significant reductions in the funding for Local

Authorities. The last Autumn Statement saw the focus move away from balanced public sector spending by 2020 to the middle of the next decade – but has seen no reduction to previously planned reductions to Local Government funding up to 2020.

### **Transfer of Risk**

- 5.7 The Local Government Finance system has fundamentally changed since 2010/11. The previous system was highly centralised and whilst the funding was distributed on the basis of relative needs and resources, the funding actually being distributed was comprised of Revenue Support Grant, nationally pooled Business Rates and other specific grants.
- 5.8 The introduction of the Business Rates retention mechanism from 2013/14 was envisaged to make Local Government as a whole more self-reliant but consequently meant that individual councils would bear more risk than previously.
- 5.9 This shift in risk has occurred since 2010, in the gradual move away from centralisation to that of localisation and greater emphasis on the provision of financial incentives in the funding system. The most visible examples include:
- the introduction of the Business Rates Retention scheme in 2013/14 which left authorities' core funding exposed to the impact of appeals, wider changes in the local economy etc;
  - the projected national flat, real growth in Business Rates leaving authorities and regions exposed in terms of adequacy and certainty of long-term funding;
  - abolition of Council Tax Benefit Subsidy and replacement with localised Council Tax Support schemes (with less funding to begin with);
  - the increased expectation on local decision-making on the ASC Precept as a means to address the national pressures in Adult Social Care.
- 5.10 It should be noted that until late 2017/18, the expectation was that by the end of the decade, Business Rates retention would be fully localised (i.e. rising from the current 50% retention rate to 100% retention). However, the latest information from MHCLG is that by 2020/21 the next phase of Business Rates retention will be 75% retention and not 100%. This next phase of rates retention may result in further risk being transferred to local authorities and/or currently ring-fenced grants (such as Public Health) being rolled into general funding.

## **6 External Influences**

### **Summary Horizon Scanning**

- 6.1 Over the next 18 months, the Council anticipates some significant changes, a number of which will directly impact Local Government funding. Broadly;
- from autumn 2018, the Government will release further consultations on the Fair Funding Review which will define how available funding will be distributed to authorities from 2020/21;
  - also expected from Autumn 2018 onwards is the delayed Green Paper on Adult Social Care funding;
  - in October 2018, the Chancellor of the Exchequer will set out the Budget and Autumn Statement. It is uncertain if this will contain decisions that will directly impact the Council but as minimum will contain the latest economic forecasts which will give some indication of the success of austerity measures;
  - by the end of March 2019, the UK will have formally exited the European Union. There may a transition period and it is possible that initial uncertainty could have some adverse impacts on the economy;
  - a Spending Review is expected in 2019/20 but the exact timing of this announcement and the period it will cover is currently unknown. Previous reviews such as the one in October 2010, not only set the resource limit for the Government departments and funding limits for Local Government but included other policy decisions which financially impacted the Council;
  - by 2020/21, the next phase of Business Rates retention will be implemented. Authorities will have revised baseline levels (i.e. the government “resets” its expectation of the level of business rates income that councils will receive) and may be able to retain 75% of Business Rates. There is some uncertainty on arrangements for authorities in Business Rates Pools. The London Pooling arrangement agreed in 2018/19 is currently being negotiated for 2019/20 to establish whether it will continue at 100% growth retention or 75% across London.
- 6.2 The Council continues to monitor these events and incorporate the necessary impacts or estimated impacts where possible into its medium term planning process.

### **Local Government Finance Settlement**

- 6.3 The Council accepted the Government’s offer of a four year funding allocation in 2016/17 in order to gain some level of certainty on future funding and assist in service planning and collaboration with partner organisations. The budget for 2019/20 is set to be the final year with this certainty of the multi-year offer.

- 6.4 Whilst the multi-year offer has provided some certainty, there have been unexpected changes from the original offer that has impacted the Council. These include:
- reforms to the New Homes Bonus grant which have resulted in losses to the Council;
  - reductions to other grants;
  - a change from uplifting Business Rates from RPI to CPI in 2018/19 (though the difference between RPI and CPI was compensated with a section 31 grant).
- 6.5 Based on the multi-year offer, for 2019/20, the Council had anticipated a loss for the Revenue Support Grant. However, since the Council is part of the Business Rates Pool for London, it no longer receives Revenue Support Grant and an equivalent amount is built into the Council's Baseline Funding. For 2019/20, the retained Business Rates value (known as Baseline Funding) for the Council will include a reduction of £8.500m which is the same reduction that the Council would have incurred to its Revenue Support Grant allocation had it not been part of the London Business Rates Pool.
- 6.6 The December 2017 settlement for 2018/19 also included other unexpected announcements. These included:
- a change in the referendum limit for raising the core element of Council Tax from 1.99% to 2.99% in 2018/19 and 2019/20;
  - a one-off grant allocation for Adult Social Care. This also occurred in 2017/18 and it should be noted that these one-off grant allocations are funded by permanent losses elsewhere in local authorities' funding e.g. from New Homes Bonus.

### **Updates Since March 2018 Full Council**

- 6.7 Following the approval of the 2018/19 Council Tax and Budget Report in March 2018 at Full Council, there have been some developments which could potentially impact the Council from 2018/19 onwards. These include:
- March 2018 Spring Statement*
- 6.8 On 13 March 2018, the Chancellor of the Exchequer delivered his first Spring Statement, which provides an update to the Budget announcement that is now released in the preceding autumn.
- 6.9 The announcements of particular interest to the Council within this Spring Statement included:

### *Spending Review*

- 6.10 The Chancellor indicated that a detailed spending review of Central Government budgets would be conducted in 2019/20. There is a risk that regardless of the state of the economy that Central Government departmental budgets could be subject to further reductions from 2020/21 onwards.
- 6.11 In previous spending reviews and budgets, certain services such as Health, Defence, International Aid and Education have either been protected from reductions or had reductions capped. This magnifies the level of reductions required from “unprotected” services such as Local Government. The Council anticipates that this Spending Review will not be announced until at least Spring/Summer 2019, which may impact the savings required in the 2020/21 budget cycle.

### *Business Rates*

- 6.12 The November 2017 Budget set out proposals that Business Rates would be revalued every 3 years instead of every 5 years. The Chancellor has now confirmed that this will commence from 2020/21 instead of 2021/22 and will coincide with the implementation of the Fair Funding Review and 75% Retention of Business Rates.
- 6.13 The last revaluation in September 2016 resulted in most organisations in London (including the Council) facing larger Business Rates bills from their properties’ rateable values increasing. There is a strong risk that both the Council itself and Westminster businesses will again face an increase to the rateable values of its properties and therefore an increased bill to Business Rates. However, this will be mitigated to a degree following the change in inflationary rises from RPI to CPI.

### *Economic Performance*

- 6.14 The UK economy grew by 1.7% in 2017, slightly slower than in 2016. This relatively modest growth reflected subdued growth in consumer spending. Stronger export performance has mitigated this to some extent, supported by the lower value of the pound and a resurgent world economy.
- 6.15 The CPI inflation level of 3% (as at November 2017) was still well above the official 2% target. The Bank of England’s Monetary Policy Committee (MPC) increased interest rates from 0.25% to 0.5% - in early November 2017. The MPC signalled that it was likely to raise interest rates further, possibly in May 2018. In fact, the Bank of England raised interest rates again in August 2018 from 0.5% to 0.75% and signalled that further “gradual” and “limited” increases would follow this. The Council anticipates a further rate increase of 0.25% in 2019/20.

6.16 The Office for Budget Responsibility expects UK GDP to grow by 1.5% in 2018, an improvement on its previous forecast. However, it has kept its forecast for the next two years unchanged. It also forecasts growth of 1.4% in 2021 and 1.5% in 2022. For comparison purposes the November 2017 forecasts are shown below:

- 1.4% in 2018;
- 1.3% in 2019;
- 1.3% in 2020;
- 1.5% in 2021;
- 1.6% in 2022.

#### *Government Spending/Fiscal Policy*

6.17 In 2016/17, UK government borrowed £46 billion to make up the difference between its spending and income raised from taxes and other sources. The Spring Statement included the following forecasts for government borrowing as a percentage of GDP:

- 1.8% in 2018/19
- 1.6% in 2019/20
- 1.3% in 2020/21
- 1.1% in 2021/22
- 0.9% in 2022/23

6.18 The Chancellor confirmed that in 2018/19 day to day spending will be in surplus but that public sector net debt will peak at 85.5% in 2018/19 but would fall to 77.9% of GDP in 2022/23.

6.19 The 2018 Spring Statement did not provide any updates to previous announcements on the Adult Social Care Green paper. The latest update is that this green paper will be delayed until at least autumn 2018.

#### *Fair Funding Review*

6.20 Local Government Funding has two facets:

- how the need for available funding is measured for each authority i.e. Relative Needs;
- how this “Relative Need” for each authority is then distributed i.e. Business Rates Retention (previously the Formula Grant).

6.21 The current assessment of Relative Needs is over 10 years old and data within this has not been updated since 2013/14.

6.22 The Council responded to an initial consultation on MHCLG’s Fair Funding Review in mid-March 2018. This review seeks to address the complexities, lack

of transparency and out-dated data present in the current system. MHCLG aim to implement the outcomes of the review in 2020/21 to coincide with the next phase of Business Rates Retention.

6.23 The initial Fair Funding Review Consultation discussed the following:

- The creation of a foundation formula to calculate need and distribute funding for those services which are not driven by unique cost drivers; the following three factors are deemed to be most suitable cost drivers in this regard:
  - a. Population growth is cited as the key cost indicator that authorities will ultimately incur in providing services. Based on research from London Councils, the population for London has grown since 2010 by 13%, twice the rate of that of the rest of the country. This trend is forecast to continue. Therefore, the Council would want this to be reflected in any new assessment of need. Whilst the Fair Funding Review includes questions on addressing the difficulties faced by rural authorities, the Council and other organisations such as London Councils have argued that the issues faced by urban authorities e.g. authorities such as the Council with high transient populations (circa 1m daily visitors) should be given equal consideration;
  - b. Deprivation is also considered to be an important cost driver for many services. This too must be reflected in the new relative needs formula. Deprivation is higher in some parts of the country than others, can differ within a region and within a borough itself. This is evident in London and in the borough. London Councils have proposed that whichever measure of deprivation is used, the higher costs associated with London such as housing costs are reflected. This is to ensure that the higher needs of individuals is reflected due to less available median income after the cost of housing is included;
  - c. Area Cost Adjustment the Council believes that the relative needs assessment should continue to include this and that it should be based on the most up to date data. This adjustment is crucial for boroughs such as the Council located in areas where delivering services are expensive.

6.24 The Council agrees with the objectives of the Fair Funding Review to simplify how relative needs are calculated and to ensure that revised formulae focus on only the most important cost drivers. Currently, the uncertainty for the Council is on which services could be funded from the above “foundation formula” and which would be funded service specific formulae.

6.25 In August 2018, representatives from MHCLG requested a meeting with officers from the City Treasurer’s department to discuss developments on the Fair

Funding review. The Council was able to use this opportunity to reiterate its concerns, to ask for clarity on related issues and to offer constructive suggestions into the review. This dialogue with MHCLG will be ongoing as the review develops.

#### *Increased NHS Funding*

- 6.26 In late June 2018, additional funding for the NHS in England was announced, up to 2023/24. However, the Government also has a pre-existing commitment to eliminate the national deficit by the middle of the next decade.
- 6.27 To achieve increased NHS funding and also balancing the economy, the Government would likely need to continue with public spending reductions elsewhere or increase taxation.
- 6.28 In light of the above and based on prior years, it is unlikely that Local Government will see any significant increases to its current funding levels, certainly in the short-medium term.

#### **Local Government Settlement Technical Consultation**

- 6.29 In late July 2018, MHCLG released a consultation on the technical aspects of the 2019/20 finance settlement. This consultation included proposals on the items in the remainder of this section

#### *2019/20 Settlement*

- 6.30 Specifically, the consultation set out plans:
- for the final year of the multi-year settlement to be implemented for 2019/20 as per previous announcements. The impact of this will be that the Council will lose core funding of £8.500m;
  - to uplift Business Rates in 2019/20 by September 2018 CPI. The change from uplifting Business Rates from RPI to CPI was implemented as part of the 2018/19 settlement, two years ahead of plan. The Council was compensated for the difference between RPI and CPI through a direct grant. This is expected to happen again for 2019/20.
- 6.31 The consultation did not however address specific details on other grants for 2019/20 such as the New Homes Bonus. Although it is expected that in 2020/21 that the new relative needs assessment and Business Rates Retention will be implemented, the Council calls for continued certainty on actual funding levels from 2020/21 with a similar offer of a multi-year settlement.

### *Business Rates Retention Pilot 2019/20*

- 6.32 The technical consultation also set out proposals for further Business Rates Retention Pilots in 2019/20. This would not apply to London as MHCLG are in separate discussions with London boroughs (represented by London Councils) on a continuation in 2019/20 of the Business Rates Retention Pilot launched in 2018/19.
- 6.33 Although the exact arrangements for the London Pool in 2019/20 are yet to be determined, it should be noted that the pilots announced for 2019/20 contain some potential changes over previous pilots. These include:
- growth retention by authorities in a pool being 75% rather than 100%. This is to mirror how Business Rates Retention will operate in 2020/21 and is a means for HM Treasury to manage costs overall;
  - removal of the “no-detriment” clause, this clause ensured that authorities in a pilot were no worse off than if they were under the 50% Retention scheme. This clause provided financial assurance to authorities participating in the pilot. Given the expectation that London will be in an overall growth position, the issue of “no detriment” might not pose an issue;
  - the points above are mitigated somewhat by the Safety Net which for the 2019/20 pilot is set at 95% of Baseline funding which is greater the 92.5% in the current scheme. However, commentators have pointed out that since the Safety Net for a pilot applies to the overall pilot and not at individual authority level, actual losses by an authority may be larger than in the current scheme.

### *New Homes Bonus*

- 6.34 Previous consultations set out plans to change New Homes Bonus (NHB). The number of years’ payments in the scheme reduced (or “tapered”) from 6 years to 5 years in 2017/18 and then from 5 years to 4 years in 2018/19. This has resulted in a gross loss of £5.4m from legacy NHB payments for the Council since 2017/18.
- 6.35 Following a consultation for 2017/18, a national baseline was set at 0.4% of Band D equivalent dwellings (i.e. the NHB due will be the change in Band D dwellings from the previous less 0.4% of that change). If any authority fails to achieve this 0.4% threshold, they will not receive an NHB grant. Whilst the Council has achieved growth above this threshold, the presence of a baseline target reduces the grant payment to the Council.
- 6.36 The consequence of tapering of payments and the 0.4% baseline is reduced payments to Local Authorities and therefore savings to Central Government. It

should be noted that in previous consultations, the Government indicated the possibility of increasing this 0.4% baseline target in future years. The rationale for increasing this 0.4% baseline target would be to manage the overall cost of NHB payments nationally.

- 6.37 Authorities will send returns to MHCLG for the end of October 2018 which will be used to assess growth in dwellings compared to the previous year. If, overall there has been greater growth in the number of dwellings overall in England compared to that of previous years, it is possible that the 0.4% baseline will increase. This would be a means for the Government to reduce the cost of funding for the NHB scheme in 2019/20.
- 6.38 In 2018/19, the Council will receive £8.884m of NHB grant income. It is known that due to tapering, £2.240m will be lost in the 2019/20 NHB allocation. However, based on average growth in the borough in the past few years, the Council anticipates an increase in the number of dwellings (compared to October 2017) which will mitigate this loss. The confirmation of 2019/20 NHB allocation is expected in the December 2018 settlement.
- 6.39 Finally, it should be noted that there is currently no clarity on the future of the NHB scheme beyond 2019/20, it is possible that the future of this grant scheme will be set out in the 2019 Spending Review.

#### *Council Tax Referendum Principles*

- 6.40 At this stage, the Government are not indicating a change to the Council Tax referendum limits announced in December 2018. However, as with NHB, the actual confirmation of the referendum limits are expected in the December 2018 settlement for 2019/20
- 6.41 Under the current regulations, the Council has the option to:
- increase Council Tax by 2.99% without a referendum for general purposes;
  - increase Council Tax by 2.00% without a referendum specifically to fund Adult Social Care (the ASC Precept).

#### *Negative Revenue Support Grant*

- 6.42 The Council's annual finance settlement is formally known as the "Settlement Funding Assessment (SFA)." The SFA contains Revenue Support Grant (RSG) and Baseline Funding i.e. retained Business Rates. Business Rates are uplifted annually for inflation and the Government will not make any other changes to an authority's baseline which was set out in 2013/14 until the whole system is reset (post 2019/20). Therefore, when reductions are made to the SFA, they can only be made by reducing RSG allocations.

- 6.43 Some authorities are now in a situation where they face “Negative RSG”. This means that due to ongoing reductions to the SFA, some authority’s actual reductions to SFA exceed their RSG allocation for 2019/20. This means that to implement the overall reduction to an authority’s SFA, their Baseline Funding would need to be reduced.
- 6.44 It should be noted that the Council is not in this situation. However, for 2019/20, there are 168 local authorities that are. Those affected authorities have responded to previous consultations and lobbied for a decision to effectively reverse this Negative RSG adjustment. The technical consultation for the 2019/20 settlement sets out proposals to do this. The Government’s favoured approach is to simply not make the adjustment to affected authority’s baseline funding levels i.e. to forego these Business Rates receipts.
- 6.45 Based on the information available on the Government’s proposed approach above, authorities such as the Council which was not affected by Negative RSG will not pay for this decision from their funding. The cost of foregoing Business Rates’ receipts will be borne by HM Treasury.
- 6.46 The concern here is that whilst the Council is not directly impacted financially, effectively reductions to the overall SFA funding for England set out as part of the 2016/17 multi-year settlement will not be applied to 168 authorities in 2019/20. This effectively improves the multi-year settlement for those councils while still implementing the original reductions for authorities such as Westminster. This decision to not reduce funding to some authorities then raises further questions and complications e.g.
- whether the 168 authorities affected by “Negative RSG” will be permanently spared these reductions to their funding;
  - how the removal of funding reductions from some authorities will be balanced against those such as the Council that will be still subject to reductions in 2019/20;
  - finally, how this will be accounted for in the 2019 Spending Review and then in the implementation of the Fair Funding Review for 2020/21.

#### *Autumn 2018*

- 6.47 In addition to the 2019/20 provisional finance settlement in December 2018, in November 2018 there will be an update on the state of the economy and national budget by the Chancellor of the Exchequer. Subsequent reports will provide updates to this and any other developments.

## **7 Internal Updates**

### **Adult Social Care (ASC) Precept**

- 7.1 The offer by the Secretary of State for Communities and Local Government to Adult Social Care authorities, effective from 2016/17, gave upper-tier authorities with ASC responsibilities the option to charge an additional precept on their Core Council Tax without the need to hold a referendum, to thus assist those authorities in meeting expenditure pressures in Adult Social Care.
- 7.2 There are on-going pressures on Adult Social Care budgets due to particular market cost pressures and forecast demand growth for care services as a result of increasing numbers of older people, people with disabilities and people with long term health conditions needing care. These demographic pressures are exacerbated by increasing pressure from hospitals to discharge patients in a timely fashion, particularly during the winter months. There is also added pressure from reduced capacity to make efficiencies from external care providers without affecting the quality of care they provide, along with an increase in homecare costs – potentially exacerbated by changes to the Living Wage.
- 7.3 The state of the market and unavoidable cost pressures will continue to be a major challenge. Activity and level of complexity is increasing alongside demographic changes, workforce pressures from the Living Wage and the driving down of price are all major dynamics that are impacting on the availability and quality of services.
- 7.4 As at June 2018, 5,201 packages of care were being provided across Adult Social Care (encompassing community based care and residential/nursing placements) an increase of 155 from March 2017 against a background of increasing complexity and hence unit cost of individual packages.
- 7.5 For financial modelling purposes it has been currently assumed that for 2019/20 the Council will apply the precept for Adult Social Care (ASC) of 2% on its share of Council Tax bills. This cannot be considered or approved until March 2019 and should it not be approved by Full Council in March 2019, the Council will be required to replace the foregone income with additional savings proposals. Should any authority choose to apply 2% onto Council Tax bills for the ASC precept, it is assumed that the Council will have to complete a declaration to MHCLG within 21 days of its annual budget being approved by Council. This declaration will compare budget changes in adult social care to the rest of the general fund to demonstrate that the Council has spent the funds raised from the precept on the purpose for which it was intended.

## **Better Care Fund (BCF)**

- 7.6 The Department of Health and Social Care (DoHSC) and MHCLG released the BCF Policy Framework on 31 March 2017. This policy framework for the Fund covers two financial years (2017-19) to align with NHS planning timetables and to give areas the opportunity to plan more strategically.
- 7.7 There are some changes compared to previous years, including a reduction in the number of national conditions and the introduction of the Improved Better Care Fund (iBCF) of £2bn over the three years 2017/18 to 2019/20. £1bn of this fund became available from 2017/18 and is being paid as a MHCLG grant direct to local authorities and ring-fenced to social care; the grant comes with conditions that it should be pooled into the Better Care Fund.
- 7.8 The guidance outlines that the funding is to be paid as a direct grant under Section 31 of the Local Government Act 2003. The Policy Framework sets out that the following conditions apply to the grant:
- a requirement that local authorities include the funding in their contribution to the pooled Better Care Fund, unless an area has explicit Ministerial exemption from the Better Care Fund;
  - a requirement that the funding is used to support adult social care to ensure it has the expected impact at the care front line and;
  - that the funding does not replace, and should not be offset against, the NHS minimum contribution to adult social care.
- 7.9 The Council is proposing to continue its existing transformation programme to deliver better and more personalised services and outcomes for residents entitled to support under the Care Act.
- 7.10 The Council will utilise the additional funds to provide greater stability for the local highly challenging care market, to sustain and increase additional short term capacity procured to assist with better hospital discharge and also to work with health partners to reduce delayed transfers of care.
- 7.11 In total, £15.807m of iBCF funding has been allocated to Westminster City Council in 2019/20. Further work is underway as part of the development of the full Better Care Fund Plan to prioritise the utilisation of the additional funding but at present, it is anticipated that funds will support the following priorities:
- to deliver greater market stabilisation and in particular increased domiciliary care and direct payment rates and an inflationary uplift for residential care providers;
  - to purchase additional capacity, primarily within domiciliary care to assist with better hospital discharge. Part of this will include some capacity

previously funded by health commissioners on a non-recurrent basis through the existing BCF Pooled Budget;

- to create a pooled fund with health commissioners to deliver system-wide changes and in particular to assist with implementation of the High Impact Delayed Transfer of Care (DToC) Model.

- 7.12 The care market across inner London is particularly fragile with Inner London highlighted as having significant pressures across all care groups. While pressures have been building over the last five years, prices have been driven down in real terms and this has resulted in increased concerns about the quality of provision and its continuity.
- 7.13 A number of providers have exited the market recently and the Council expects this trend to continue. Westminster City Council, along with other Councils within the West London Alliance continue to work together to increase the sustainability of the local care market. It is anticipated that utilisation of part of the additional iBCF funding will play a major part in bringing additional stability and sustainability to the care market in inner West London.
- 7.14 Enhancing health in Care Homes - The Council is working with the CCG and other members of the West London Alliance to implement the NHSE Enhanced Care in Care Homes Framework. All patients have a named GP and under whole systems a number of high risk patients will have access to case management; this includes access to geriatrician and specialist services as required.

### **Risk of iBCF Ceasing**

- 7.15 In the 2017, Spring Budget the Treasury announced £2bn funding for local authorities in England to address the pressures in the Health and Social Care system over the next 3 years (2017/18 to 2019/20). This Spring Budget Funding has been merged with the previously announced Improved Better Care Fund (iBCF) and the total funding for Westminster is as follows:
- 2017/18 in £8.721m;
  - 2018/19 an additional £3.596m = £12.317m cumulatively;
  - 2019/20 an additional £3.490m = £15.807m cumulatively.
- 7.16 This funding is intended to be spent on the commissioning of new care packages and to help reduce delayed discharges from hospitals. A longer-term funding strategy for the care of older people will be revealed in a social care green paper which was due late in 2017 (and is still awaited) as the pumping of more short term money into the system is not a silver bullet solution and the Government's green paper is expected to examine how to place social care on a more sustainable footing over the long term.

7.17 The iBCF is being used to fund:

- the increased capacity required due to complexity and acuity growth in packages of care;
- contract inflation/market stabilisation;
- increased capacity in homecare and residential/nursing inflation pressures;
- demographic pressures and the financial impact of the living wage;
- a transformation pot to support integrated services and to develop future savings for both the LA and the NHS;
- an investment in DToC High Impact Change Model.

7.18 The Council continues to use all available opportunities to request more certainty on funding in general, particularly iBCF. However, if iBCF funding does cease with no alternative funding being offered, ASC will look to make further efficiency savings to mitigate the loss.

### **Housing Services**

7.19 The Council is involved in providing a wide range of housing related activity such as:

- responding to housing need and rough sleeping;
- preventing homelessness and supporting the vulnerable;
- providing housing to the homeless;
- allocating available social and affordable housing;
- working with Registered Providers (RPs) of affordable accommodation, developing new homes including new infill sites and regeneration plans.

7.20 The provision of Temporary Accommodation (TA) that is suitable for homeless households in terms of size, cost and location is a statutory requirement. Properties are generally leased by the Council from the private sector, either directly or through contractors, such as Registered Providers (RP). More than 3,000 households are expected to approach the Council's Housing Options Service in housing need in 2018/19. Homeless prevention is a priority for the Council, challenging illegal evictions, providing housing and debt advice and working with households to identify housing solutions including moving into the private rented sector. The Council's legal duties are set out within the recent Homeless Reduction Act and the Council's Housing Caseworkers lead the response to enquiries involving individual households.

7.21 The Council conducts formal street counts of rough sleepers regularly and at the count in May 2018, 299 people were found. The September 2018 count found 340 people. The Council commissions 415 specialist bed spaces that take people directly from the streets and one person moves on positively from these every four days. There are two street outreach teams; one which focuses on new

people arriving on the street and the other focuses on the most entrenched longer term rough sleepers who either refuse to come indoors or those who are unable to maintain accommodation. Of those who were met for the first time, less than 3% identified Westminster as their last settled base and 75% of people encountered do not spend a second night out.

- 7.22 In Westminster, there are a very wide variety of services commissioned to enable vulnerable people to maintain their independence in the community, preventing homelessness and tenancy breakdown. These include 24-hour hostels for rough sleepers, specialist housing for people with severe and enduring mental health issues and learning disabilities, young people (16-25), domestic violence refuges for women and their children, floating support in the community for people to sustain their tenancies and sheltered housing for older people.
- 7.23 In 2018/19, the Council expects to complete over 700 lettings of social housing into CityWest Homes stock that becomes vacant, nominations into registered provider accommodation and newly developed housing. The Council is required to have a public Housing Allocations scheme that sets out how these units are allocated to meet the Council's statutory obligations, meet the varying demands for social housing and to reduce the numbers of people living in Temporary Accommodation. There are currently 3,933 households on the Council's Housing waiting list, waiting times vary according to property size but are typically longer for larger units. Available properties are generally let through Choice Based lettings where households bid for available properties based on their individual priorities, with additional priority given for homeless households who are working and those with established local connections.
- 7.24 The Council has in recent years also purchased properties for use as TA, funded by the Affordable Housing Fund and borrowing. Homeless households are then placed in those properties and are charged a rent set by a Central Government formula which has remained unchanged since 2011. TA now comprises over 2,550 units of accommodation (having been c. 1,600 in 2011) for homeless households provided through over 30 contractors and Council-owned properties. The demand profile is below:

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

- 7.25 The greatest demand is for 2 bed properties, followed by 3 bed, half of TA is located within Westminster, the remainder located across half of London boroughs (although principally in East London) with c. 80 properties outside of London. The Council is delivering new homes by identifying under-utilised space

within the Council's housing assets. Opportunities include basements and laundry rooms, garages and parking areas, former offices and parking areas. The first phase of the programme has achieved planning permission on 25 homes over seven sites, which will be retained as Council housing. Further opportunities are being progressed to ensure an on-going pipeline.

- 7.26 The Council recently updated its policies regarding homeless prevention and its placement policies to make best use of the private rented sector. As part of this, the Council ensures that:
- the Housing Options service promotes moves into the private rented sector for people at risk of homelessness;
  - properties offered are inspected for suitability in terms of size and location;
  - rents are set at affordable, Local Housing Allowance levels for two years and providing follow-up contact to confirm that the household has settled;
  - should the tenancy break down through no fault of the household within two years then alternative accommodation will be provided without the household reapplying.

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

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

### **Family Services - Legislative Changes and Greater Understanding of Rights**

7.29 Recent changes in both statute and case law have had an impact on demand for services provided by the authority's Family Services directorate. Greater awareness of "Staying Put" rights under the Children's and Families' Act and a case law verdict against the London Borough of Southwark around assessment rights for 16-17 year olds has created an increase in duties and subsequent increase in demand for services. The impact of "Staying Put" is modelled as £0.276m and the Southwark Judgment is modelled as £0.223m. Mitigations include: a revised Placements Strategy for Looked After Children (LAC);

investment in the Early Help service to reduce the number of children presenting with a need for LAC care; and continuous reviews of placement unit costs and care plans to ensure they are aligned and represent value for money and meet each child's needs.

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

### **Unaccompanied Asylum-Seeking Children (UASC) Demographic Demand**

- 7.31 Numbers of UASC presenting in the borough have traditionally been higher than other London Boroughs, barring Hillingdon with Heathrow Airport, due to the borough having Victoria International Coach Station and the majority of embassies located within its boundaries. UASC are subject to a National Transfer Scheme, with numbers per authority determined on a national basis.
- 7.32 Under the National Transfer Scheme for UASC, the Council has an expected allocation of up to 28 UASC in its care, with any further children above this threshold presenting in the borough transferred to other local authorities. Delays in transfers have meant a larger number have remained under the care of the authority. In 2017/18, the number in care averaged 65.
- 7.33 WCC has a number of care leavers supported by Children's Services with no recourse to public funds (NRPF) as they were previously UASC in receipt of services from the authority. Under the Children and Social Work Act 2017 they will remain NRPF care leavers up to the age of 25.
- 7.34 The financial impact of UASC Demand and NRPF is modelled at £0.333m net of funding received from the Home Office for UASC and current budget allocations in the borough. Mitigations include: a revised Placement Strategy for LAC; continuous placement reviews; a pan-London dispersal scheme which transfers new UASC cases within London faster than the National Transfer Scheme.
- 7.35 With the planned mitigation strategies mentioned above, the service is confident it can manage the pressures outlined within the proposed financial resources for the Children's and Families' Executive Directorate.

## Discretionary Housing Payments

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

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

- 7.38 Due to a change in allocation methodology by the DWP, Westminster and most other London boroughs experienced a reduction in funding whereas nationally other authorities saw an increase in 2017/18. This trend repeated in 2018/19. The DWP are revisiting this change in methodology but it is not known if this will result in a positive outcome for the Council. Based on previous DWP announcements on the levels of DHP funding, the Council expects to receive notification of the government contribution for 2019/20 in January 2019 at the earliest.
- 7.39 The reductions to the Government contribution prompted the Council to review its policy on DHP claims to ensure it remains affordable. Awards will continue to be made for short periods to allow applicants time to change their circumstances so extra financial assistance with rent is no longer required. This approach ensures DHP can continue to assist with the transition into employment and with emergency support to prevent homelessness. The Council will only agree repeat claims when the applicant can demonstrate they are in the process of taking meaningful action to avoid long-term reliance on DHP. Examples of the actions needed are moving to cheaper alternative accommodation and starting full-time employment.
- 7.40 Looking at DHP claims received there is an indication of a modest reduction in demand with 488 claims received in the period 1 April to 31 July 2017 and 450 claims between 1 April and 31 July 2018. The following table shows the reduction in the number of successful claims over the same periods:

	1/4/17 to 31/7/17	1/4/18 to 31/7/18
<b>Successful claims</b>	271 (68%)	225 (55%)
<b>Unsuccessful claims</b>	129 (32%)	182 (45%)

- 7.41 The reduction in claims is in line with the policy on awarding DHP. This is necessary to ensure spend is within available resources. DHP is also being used to assist with the prevention and management of homelessness. The government contribution towards DHP for 2019/20 is unlikely to be known before January 2019 but a further reduction is a risk given a reduction to the overall national funding. A trend towards fewer awards of DHP means the Council is well placed to respond to future funding reductions. However, the reduction in DHP funding and DHP awards by the Council could result in an adverse impact on Housing budgets if resources were no longer sufficient to assist tenants in temporary accommodation.
- 7.42 In light of the above, if the Government contribution to DHP for 2019/20 is at a similar level to 2018/19, the Council will be able to deal with this level of activity as long as the current trend for reduced spend on DHP continues.

### **Universal Credit**

- 7.43 The introduction of Universal Credit (UC) was the main element of the Welfare Reform Act 2012. Government has designed UC to improve work incentives by removing the need to claim different benefits depending on whether or not a person is in work or unemployed. UC also simplifies the welfare system by replacing six existing benefits with a single payment. The Department for Work and Pensions (DWP) administers UC and one of the six benefits it replaces is housing benefit.
- 7.44 UC is a working age benefit so does not apply to pensioners. For the time being households with three or more children are also excluded from UC. For most applicants who pay rent, the housing element of UC replaces housing benefit. However, there are two significant exceptions to this: tenants of supported housing and temporary accommodation provided by a local authority under a homelessness duty will continue to claim housing benefit for assistance with rent whilst receiving UC for day-to-day living costs.
- 7.45 The DWP began implementing UC in April 2013 and have adopted a gradual “test and learn” approach. The DWP implement UC through Jobcentre districts rather than local authority boundaries. By December 2018, UC will have been introduced to every Jobcentre office in the country and will apply to customers having to make a new claim for one of the six benefits UC replaces.
- 7.46 The process for moving existing customers who experience no changes requiring a new claim from their old benefits to UC will take place between July 2019 and March 2023. DWP estimate this will involve moving 2.09 million customers onto UC and recognise a large number (36%) will be receiving an existing benefit awarded because of disability.

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

### **Oxford Street District**

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

## **8 Underlying Financial Strategy**

8.1 The Council's financial strategy is to:

- balance recurrent expenditure with estimated income in order that the Council has a sustainable financial position; is able to deliver on its key objectives and successfully operate in a radically changed financial environment;
- maintain an appropriate level of reserves to protect the Council against future budgetary impacts and the continuing financial pressures which the Council faces;
- strengthen the Council's balance sheet to provide long term financial benefits. For example, in the 2017/18 Council Tax and Budget Report approval was given to utilise one-off underspends or apply the flexible use of capital receipts towards the Pension Fund for long term benefits;
- continue to proactively explore with partners possibilities of pooling resources to achieve joint outcomes e.g. iBCF;
- risk manage its budget estimates to ensure that they are robust and, to ensure that the budgets agreed are managed and delivered in year as required;
- operate to the highest standards of financial management in all areas in order that the Council's finances are robustly secured, value for money is obtained, all professional standards are properly maintained, step change improvements in finance are brought about at pace and rigorous review and quality assurance of all financial matters is undertaken;
- investigate and pursue external funding and investment opportunities that are appropriate for the Council; and
- challenge and improve all financial management practices seeking to (by way of example) minimise cost, maximise working capital opportunities, proactively manage its balance sheet, operate rigorous financial modelling and budget management, ensure financial advice is of the highest quality and bring about step changes improvement in its accounts.

8.2 The Council is confident the budget proposals contained within this report form a strong basis to deliver a balanced budget for 2019/20. The Council is managed with strong financial discipline and as part of year-end planning it is intended to strengthen Earmarked and General Reserves if the opportunity presents itself. In line with Council practice, any further reductions in specific grants will be matched by reductions in associated expenditure.

## **9 Financial Performance – Revenue 2018/19**

9.1 At period 4, services area revenue budgets are projected to underspend by £2.194m by year-end. All variances are subject to continued active management throughout the financial year.

9.2 The main areas contributing to the projected underspend are summarised below:

- City Treasurer's department is forecasting a net underspend of (£4.183m) largely due to increased treasury investment income of £4.313m;
- Policy, Performance and Communications who are forecasting a net underspend of (£0.310m) which is largely related to staff costs.

9.3 These are offset by:

- Children's Services who have a net overspend totalling £2.120m due to pressures in Education from funding issues, under-recovery of traded services income and high demand on Special Education Needs Transport. There are further pressures in Family Services increased number of care leavers and impacts from changes in legislation and judicial decisions as well as larger numbers of Unaccompanied Asylum Seeking Children (UASC)
- Corporate Services with a net overspend of £0.198m largely within Legal Services, staffing and external legal service spend.

9.4 The forecast outturn at period 4 on the HRA is an adverse variance of £1.652m. This is largely due to adverse variances totalling £2.303m, broken down as follows:

- under-recovery of rental income of £1.838m of which £1.314m relates to tenant rent due to higher voids levels, £0.400m for commercial property rents following rent reviews and a further £0.124m across the remainder of the service;
- under-recovery of other income totalling £0.465m

These, however are offset by the following:

- forecasted net underspends of £0.708m, of which £0.365m is due to refunds on rents, rates and taxes, £0.200m on reduced communal electricity costs and £0.143m on reduced repairs and maintenance
- a small overspend of £0.056m on management related costs and recharges.

9.5 Fundamental to any well managed organisation is a strong finance service. In times of unprecedented pressure on public sector finances this becomes more

important than ever. Within Westminster City Council the finance service has been developed to lead the industry in its innovation, quality and value added to the organisation.

9.6 An illustrative list of the activities the service has undertaken so far during 2018/19 to raise standards are as follows:

- taking a lead on the implementation of the new Finance and HR system;
- developing staff technology skills through focused training to enable the transition to advanced analytics;
- continuing to deliver a comprehensive training and development programme putting staff development at the heart of what we do;
- enhanced staff engagement through new workgroups, forums and communication channels;
- development and implementation of a workforce plan aligned to both current and future service needs;
- refined finance graduate scheme to align with future departmental needs and those of the new generation of graduates; and
- a continuous programme of improvement for the Statement of Accounts.

9.7 The finance service is seeking to achieve further improvements, efficiencies and achievements in 2019/20 in line with the department's drive for continuous improvement. This will be achieved through the motivation and empowerment of the workforce

## **10 2019/20 Revenue Budget Gap**

### **Medium-Term Financial Outlook**

10.1 The Council's medium term modelling takes into account:

- known government grant reductions e.g. for 2019/20 the £8.5m reduction to Revenue Support Grant;
- estimates of further grant losses e.g. New Homes Bonus due to tapering;
- estimates of inflation (both pay and contract);
- other Council-wide costs such as superannuation costs and allowances for specific pressures and general risks;
- capital financing revenue impacts.

10.2 The net 2019/20 budget gap is £26.3m excluding direct service pressures and has been addressed as detailed in Schedule 4.

- 10.3 Based on available information and the Council’s latest working assumptions, it is likely that further changes to core funding (from both austerity and possible changes in relative needs assessment) plus inflationary need, demographic and other pressures are likely to require ongoing savings.
- 10.4 In summer 2018, the Council began to model a range of scenarios for the level of savings needed to meet the budget gap for post 2019/20. This assumes that all savings approved for 2018/19 and those proposed in this report for 2019/20 will be delivered. Furthermore, beyond 2019/20 there are number of uncertainties which are discussed in this report briefly. These are listed below and presently, it remains unclear how these will impact on the Council’s finances:
  - outcome of the Fair Funding Review;
  - future austerity and Government policy on public spending;
  - Business Rates retention, Pooling and future impact of appeals, revaluation and reset.
- 10.5 More detailed updates on the estimated budget gap for post 2019/20 will be reported through the Council’s Executive Leadership Team between autumn 2018 and early spring 2019.

**2019/20 Estimated Budget Gap**

- 10.6 To meet the funding challenges in 2019/20, the Council has had to meet a total gross savings requirement of £35.848m. In addition to this, there are unavoidable direct service pressures of £9.548m. The net savings requirement is therefore £26.3m and the driver for this is summarised as follows:

<b>Budget Gap Breakdown</b>	<b>£'m</b>
Net Change in Business Rates	8.500
Inflation	6.200
Risks	3.000
Pension Fund Deficit Recovery	4.000
Pressures	1.200
Capital Programme	3.400
<b>Total</b>	<b>26.300</b>

- 10.7 Specifically, the budget gap for 2019/20 contains:
  - a confirmed reduction of £8.500m for the Revenue Support Grant (RSG). Note: in 2018/19 the Council joined the London Business Rates Pool and so it did not receive a RSG allocation, instead this amount was rolled into the Council’s Business Rate’s baseline funding with an equivalent reduction of RSG. The same principle is expected for 2019/20;

- an allocation for 2019/20 pay and non-pay inflation based on best available estimates.
- an amount to mitigate on-going exposure to risk – the Council is an extremely complex organisation and is subject to a wide range of risks many of which are unknown and cannot be quantified. It is therefore essential that the Council maintains adequate general reserves to provide a buffer against these risks;
- other items which impact the whole Council i.e. contribution towards reducing the pension deficit, corporately identified pressures and capital financing.

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

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

### **Approach to Meeting the 2019/20 Budget Gap**

10.9 The process for identifying the 2019/20 savings proposals follows the accelerated process for 2018/19. In autumn 2017, the proposed budget proposals for 2018/19 were presented to Cabinet and Full Council for agreement in principle (subject to completed Equality Impact Assessments, Consultations etc.). By February 2018, an updated position for 2018/19 was reported to Cabinet and then in turn to Full Council in March 2018 which took account of the following:

- final decisions on Council Tax including Band D for 2018/19 and the approved 2018/19 Council Tax base;
- outcomes from the 2018/19 Local Government Finance Settlement;
- Business Rates Pooling;
- revised positions related to individual savings following the completion of consultations.

10.10 The same process will be followed for the 2019/20 budget changes and revenue budget.

10.11 The benefit of this is that services have a greater period of time in which to prepare implementation plans and to complete staff consultations (where applicable), public consultations etc. The Council believes in long term planning and many of the savings are a continuation of transformation plans from the previous financial year and are expected to run into future years.

- 10.12 The governance of the process has been managed at an officer level through a series of regular reports to the Executive Leadership Team (ELT) throughout the financial year to review progress against meeting the budget gap and draft budget proposals themselves. The intention of these meetings was to review budget proposals for deliverability, acceptability and fit with strategic objectives.
- 10.13 In addition to the above, there is regular liaison and leadership by the lead member for Finance, Property and Regeneration and the Cabinet. In early September 2018, Star Chamber sessions, led by the lead member, were held for each Cabinet Member with the Chief Executive and Executive Directors in attendance. These sessions presented Cabinet Members with an opportunity to get a better understanding of the budget proposals and to question or challenge where needed.
- 10.14 This in turn was followed by three Budget and Performance Task Group meetings (i.e. "Scrutiny sessions") in late September/early October. One of the meetings was dedicated to Capital and the proposals outlined in the 2019/20 Capital Programme report.
- 10.15 Equalities Impact Assessments (EIAs) are prepared in respect of all proposals and are made available within this report for consideration. In addition, all of the full EIAs are presented to the Budget and Performance Task Group meetings.
- 10.16 The Corporate Budget Group is a cross-Council team including officers from the City Treasurer's, People Services, Policy, Communications, Legal Services, Procurement departments. This group met to review each budget proposal to assess if there were any issues from the perspective of these departments, whether consultations were needed and if so to ensure timely completion as well as reviewing the proposal itself to ensure it can be delivered.

## **11 Risks, Budget Robustness and General Reserves**

### **Risks and Budget Robustness**

- 11.1 The Council is a large, complex organisation with a wide scale and diversity of assets, interests, liabilities and other responsibilities. These require considerable on-going monitoring and review particularly in light of the challenging financial climate. With this in mind, the Council has recognised the on-going need to identify risks and have measures in place to mitigate should they occur (risks by their nature can never be completely removed).
- 11.2 The Council's revenue related risks include:
- general risks;
  - funding related risks e.g. Fair Funding;
  - interest rate risk;

- inflation risk;
  - change in law risk;
  - commercial values risk, e.g. income rental values;
  - contract failure risk and step-in obligations for the Council
- 11.3 The Council has long had processes built into its Medium Term Planning (MTP) process to address the first two categories of risk. For example, as per previous years, a Corporate Budget Group consisting of representatives from the City Treasurer's, People Services, Policy, Communications, Legal Services, Procurement representatives have met regularly to review budget proposals for 2019/20.
- 11.4 While Corporate Budget Group meets to ensure the over-arching issues are robustly considered, a full suite of meetings are arranged at various levels to ensure all stakeholders fully understand the MTP process and their savings proposals. Various meetings take place including Members, Executive Directors and finance officers. These meetings are then reflected back through Corporate Budget Group to ensure all aspects are captured.
- 11.5 These reviews are to enable this cross section of officers to ensure all budget proposals are:
- fully evaluated for any legal, people service and procurement issues;
  - assessed thoroughly to ensure if stakeholder consultations are needed and if so to make these are completed in time;
  - appropriately challenged to ensure they are feasible.
- 11.6 Risks related to the capital programme and pensions and treasury are specifically addressed and discussed separately e.g. capital programme and the Treasury Management Strategy Statement.
- 11.7 The 2019/20 revenue budget has been prepared on the basis of robust estimates and adequate financial balances and reserves over the medium term. As part of on-going reviews for these, the City Treasurer's department leads on:
- monthly budget monitoring and financial challenge to ensure budget options are being adhered to and that any other base budget variances, risks and opportunities are being suitably identified and mitigated; and
  - continuing to replenish reserves and balances towards an appropriate level in order to provide an adequate buffer for any series of one-off pressures – or to provide sufficient time to identify on-going mitigations in a systematic way.

## **Reserves and Balances**

11.8 Local authorities hold two categories of reserves, usable and unusable:

- usable reserves are defined as those that the Council could utilise to fund capital or revenue expenditure. Furthermore, some of these reserves could be applied generally but others will have stipulations attached on their use;
- unusable reserves hold unrealised gains or losses for assets not yet disposed of and also accounting adjustments which are required by statute. These reserves cannot be used to fund capital or revenue expenditure.

11.9 The Council's usable reserves can be grouped into the following sub-categories:

- General Reserves – working balances held to ensure long term solvency and to mitigate risks e.g. the General Fund balance and the Housing Revenue Account balance;
- Earmarked Reserves – to fund specific projects or as a means to build up funds for known contingencies. e.g. the Insurance reserve;
- Ring-fenced Reserves – carried forward balances or grant funding which have certain conditions or restrictions attached to them preventing their general use by the Council e.g. Schools balances; and
- Capital Reserves – amounts held to finance capital expenditure e.g. receipts from asset disposals and capital grants.

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

### **General Reserves**

11.11 In line with other Local Authorities and the law, the Council holds a general reserve on its balance sheet. The balance of this reserve as at 31 March 2018 was £55.883m. The Council holds this general reserve to:

- comply with the law;
- provide funds for emergencies or other unexpected requirements for funds;
- mitigate against risks faced in day to day operations;
- provide a balance to insulate it from the need to borrow on a short term basis due to uneven cashflows.

## Legislation, Role and Responsibility

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

- Sections 31A, 32 42A and 43 of the Local Government Finance Act 1992 require billing authorities (i.e. the Council) to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. Specifically, *sections 31A and 42A* require local authorities to set a balance budget including an adequate level of reserves;
- Section 25 of the Local Government Act 2003 requires the Chief Financial Officer or for WCC, the City Treasurer to report on the adequacy (or otherwise) of reserves and the robustness of estimates supporting the budget;
- Section 26 of the Local Government Act 2003 requires that when setting the budget requirement the reserves include a minimum level for controlled reserves – this minimum level is determined by the City Treasurer;
- Section 27 of the local Government Act 2003 requires the City Treasurer to report on the inadequacy of controlled reserves – i.e. when it appears to the City Treasurer that the level of a controlled reserve is inadequate or likely to become inadequate.

11.13 In summary, primary legislation requires the Council to:

- Empower the City Treasurer to report on the adequacy of reserves and determine an appropriate minimum level;
- Set a balanced budget with due regard to the level of reserves held.

11.14 The City Treasurer (as the Council's Section 151 officer) is charged with determining the overall level of general reserves. This position is reviewed annually and is a key part of the formal budget setting process. This is articulated in the annual Council Tax and Budget Report which sets the annual budget and is approved by full Council usually in early March each year.

11.15 This responsibility is set out in paragraph 2.2 of the Council's Financial Regulations which state that the City Treasurer is responsible for:

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

11.16 Paragraph 3.2 also states that:

- *“Responsibilities of the City Treasurer include....preparing the Revenue Budget, and reporting to the Council on the robustness of the estimates and the adequacy of reserves”*

### **General Reserve Movements**

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

Financial Year	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
GF Balance £'000	66,864	69,930	60,090	32,396	15,578	22,054	32,027	35,295	36,035	41,576	48,777	55,883
<b>Movement</b>		3,066	(9,840)	(27,694)	(16,818)	6,476	9,973	3,268	740	5,541	7,201	7,106

11.18 The table shows that over time there have been significant movements in the general reserve balance including a three year period between 2008/09 to 2010/11 when the general reserve balance decreased by £54.352m. If this had occurred again over a three year period starting from 2017/18, the Council would have a general reserve balance of just £1.531m.

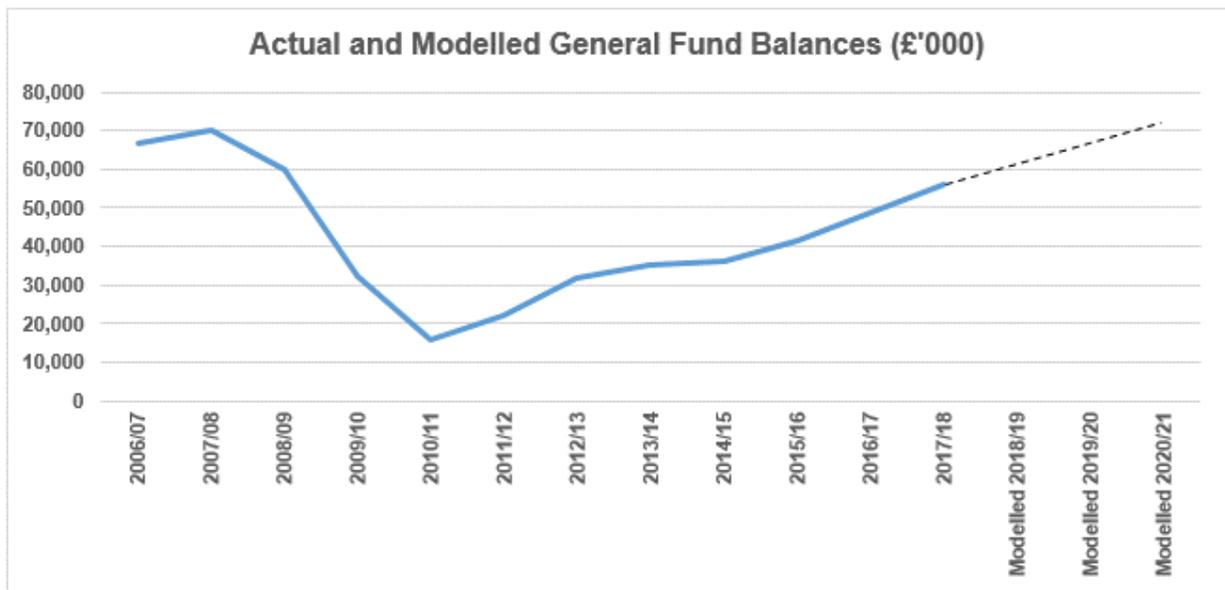
11.19 This would be a highly undesirable position for the Council placing it in financial vulnerable position where its position to with stand any further unexpected financial shocks would be severely constrained. In addition, a position of negative reserves would effectively mean that the Council would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

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

- based on the Council’s budgeted gross expenditure, approximately £2.35m is budgeted to be spent a day on the provision of General Fund services. The 2017/18 General Reserve balance when viewed in this context represents just 23 days of expenditure;
- the Council has been required to find savings year on year from its budget since 2010/11. it is becoming harder to identify low risk savings opportunities and thus the need to protect the General Fund by holding suitable levels of reserves to mitigate higher risk becomes more essential;

- future levels of uncertainty are compounded by the Councils growing reliance on commercial income rather than government core funding. This gearing effect necessitates higher reserves as in the view of the City Treasurer and based on experience from the past these income streams have the potential to fluctuate. Other underlying risks such as the general economic outlook have the potential to impact unfavourably on Westminster given the scale of its business community and contribution to the nation's Gross Value Added;
- future transfer of responsibilities or "new burdens." With the next phase of localisation of Business Rates in 2020/21 (75% retention), the Government has indicated that new responsibilities would transfer over to Local Government (to ensure the new Business Rates scheme is revenue neutral). The Council must ensure it is well resourced to manage the responsibility of new services that could potentially be demand led.

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



### General Reserves Level

11.22 Based on the information contained within the sections above the City Treasurer's judgement is that general reserves are considered adequate at a level of £55.883m as at the date of this report. This was confirmed by the Council's external auditors in the 2017/18 Statement of Accounts.

11.23 This is based on the following considerations:

- it allows the Council to mitigate any macro-factors which cannot necessarily be forecasted or influenced but will impact the Council, e.g. inflation levels.
- the wider economy which appears currently to be stable although significant uncertainties remain;
- the Council's framework of governance and controls has been assessed by the Auditor as being satisfactory. In addition, Internal Audit completed its audit of budgetary controls in February 2017 and concluded that the Council had provided "substantial assurance" on these controls;
- the track record of Directorate teams in recent years of delivering on-going budget savings can be considered successful.

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

11.25 It is not considered at this point that further budget reductions should be made to accommodate an increase in reserves. However, any available resources which become available from the following sources should be added to the general reserve where possible:

- in year revenue underspends as reported through the monthly revenue monitor to Cabinet;
- one off revenue funds which become available e.g. one off unbudgeted income;
- any other available resources which become available on an unforeseen or unbudgeted basis.

## **12 Capital Programme to 2023/24**

### **Capital Programme**

12.1 The Council has embarked on an ambitious long-term capital programme which will help deliver on the aims and objectives of its City for All strategy and maintain its status as a global centre for business, retail, entertainment and tourism. Full details are available in the Capital Programme report – 2019/20 to 2023/24 being considered on this same agenda which includes forecasts up to 2032/33.

- 12.2 The General Fund capital programme covers five areas of expenditure. These are:
- *Development* (£0.954bn) – these schemes will help the Council achieve strategic aims and generate income.
  - *Investment* (£0.072bn) – schemes within this category will increase the diversification of the Council’s property portfolio, and will be self-funding, by creating income, and generating efficiency savings.
  - *Efficiency* (£0.036bn) – these schemes are funded in accordance with the government’s “Flexible use of Capital Receipts” (FCR) initiative and to qualify, the schemes must be designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.
  - *Major Strategic Acquisitions* (£0.135bn) – these expenditure budgets are to allow the Council to acquire properties to enable the development of key strategic sites for future regeneration and investment opportunities.
  - *Operational* (£1.324bn) – these schemes are related to day-to-day activities that will ensure the Council meets its statutory requirements.
- 12.3 The General Fund’s capital programme is fully funded via and is funded through a combination of external funding, capital receipts and borrowing. The on-going revenue implications are included within the MTP.
- 12.4 The Housing Revenue Account (HRA) capital programme has a value of £662m over this year and the next four years (2019/20 to 2023/24). It is important to note that HRA resources can only be applied for HRA purposes, and that HRA capital receipts are restricted to fund affordable housing, regeneration or debt redemption.

### **Flexible Use of Capital Receipts (FCR)**

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

## **13 Cash and Financing**

- 13.1 An annual Treasury Management Strategy Statement (TMSS) is presented to Full Council as part of the budget process each year, following discussions at other committees including Scrutiny. The purpose of the TMSS is to set the

boundaries and limitations for borrowing and investment decisions over the next year and the two subsequent years to ensure security, liquidity and yield.

- 13.2 The 2018/19 TMSS does not forecast any additional external borrowing in 2019/20, but there is potential for additional borrowing in subsequent years to meet the capital programme.
- 13.3 The investment strategy was set in the current environment of low interest rates that has continued to significantly reduce the capacity to generate investment yield from short-term cash balances. The 2 August 2018 increase in base rate from 0.50% to 0.75% will provide opportunity for additional income. The increase in rates is gradually feeding through to the Council's investments, resulting in increasing returns.
- 13.4 Various opportunities to diversify the treasury portfolio, ensure security of cash balances, liquidity to meet Council obligations as and when required, and increase yield continue to be investigated.
- 13.5 Monitoring of treasury activity is a key control to ensure that dealing accords with the approved TMSS. In addition to half yearly reports on activity to Full Council and Scrutiny Committee, weekly updates are provided to the City Treasurer and monthly reviews of the investment portfolio are undertaken by the Council's treasury advisor, Link, and the Council's investments are benchmarked against other local authority investments.
- 13.6 To support the TMSS, the Council has devised a holistic strategic investment framework in order to manage its investment portfolio as one, across investment properties and treasury management. The Investment Executive comprising of Members and officers was set up to implement, monitor and report on the investment strategy.
- 13.7 The investment framework sets out in detail the longer term investment plan to manage investments in relation to long term capital spend and cash requirements, diversify to reduce risk, ensure security of capital and future-proof against possible economic downturns.

### **Future Economic Outlook**

- 13.8 The Council's treasury advisors have previously advised that the UK's departure from the EU could have implications on the Council and its investment counterparties. This continues to be the case. For instance:
  - the Government's long-term approach to monetary and fiscal policy during and after negotiations and therefore the impact on the Council will be influenced by a potential withdrawal from the European Union and the path this takes. The Monetary Policy Committee (MPC) at the Bank of

England on 2 August 2018 voted unanimously to increase the Base Rate by 0.25% from 0.50% to 0.75%. The MPC is responsible for making decisions about how the UK reaches the 2% inflation target set by the Government. Current market perceptions are for future increases in the Base Rate to be likely at a gradual pace and to a limited extent whilst UK Gross Domestic Product (GDP) is expected to grow by around 1.8% per year on average over the forecast period.

- the Council currently invests with financial institutions based in London who possess “passporting” rights which enables them to sell their products and services across the European Union. If any company or financial institution did relocate to Europe away from the UK (as some sector commentators have suggested may occur) due to the UK withdrawing from the European Union, their domicile status would change and could result in them falling outside of the Council’s sovereign rating criteria and thus lead to a required change in the investment portfolio counterparty list.

## **14 Pension Fund**

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

### **Triennial Valuation**

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

- 14.6 Options to reduce this deficit and the consequent interest costs were explored with the actuary in 2017 and previously reported to Council. These being:
- a total of £30m cash injection;
  - together with increases of £4.0m per annum for each of the years 2017/18 to 2019/20, followed by more measured increases thereafter to account for the impact of inflation.
- 14.7 This has allowed the deficit recovery period to fall to 17 years, delivering a significant reduction in the total interest to be paid over the 17-year period. This strategy provides an optimal mix of maintaining annual affordability whilst also offering the greatest saving in overall cost. As a result of this action, and with market increases in equity values, the latest funding update has shown that the deficit had fallen to £183m as at 30 June 2018.
- 14.8 This compares with a previous scenario whereby contributions increased at £1.5m per annum, no one-off contributions were made, and the repayment period extended to 2047/48. The revised deficit reduction strategy significantly improves the Pension Fund's position nationally as it moves the Fund towards a fully funded position earlier by 14 years to 2033/34.

### **Government Actuaries Department Review**

- 14.9 Under section 13 of the Public Service Pensions Act 2013, the Government Actuaries Department (GAD) is required to review all local government pension scheme valuations to ensure that all employers are paying sufficient contributions to maintain the future solvency of each fund. GAD has recently conducted a review of the 2016 actuarial valuation. Although initial results have been published, the Fund's actuary, along with other actuarial firms, have been in discussion with the MHCLG, the LGPS Scheme Advisory Board (SAB) and GAD. The final report is expected to be published by the end of September.
- 14.10 The Local Pension Board continues to operate alongside the Pension Fund Committee as a scrutiny function and reports on its activities to the Pension Fund Committee and Full Council. The Board, comprised of both employer and employee representatives, is required to assist the Council to ensure compliance with the regulations and other legislation relating to the management of the Pension Fund.
- 14.11 The Pension Fund continues to work with the London Collective Investment Vehicle (LCIV). All local government pension schemes in England and Wales are required to form investment pools of at least £25bn with investment manager appointment and monitoring decisions undertaken at pool level. Westminster and all the other London Councils are members of the LCIV, set up to facilitate joint procurement of investment managers, with the objective of achieving

significant savings and enhancing net of fees returns. Two of the Westminster fund's existing investment mandates have been transferred to the LCIV and a third was subject to a London wide fee arrangement that substantially reduced manager fees. Another mandate continues to remain under review with a view to transfer, pending an investment strategy review. The Council is also working with the LCIV to help establish a new infrastructure mandate on the platform of which the Pension Fund has an allocation of 5% of total fund assets.

## **15 Council Tax, the Collection Fund and Business Rates**

### **Council Tax**

- 15.1 The Council Tax Base (the number of Band D equivalent properties estimated to be billable for the year 2018/19) will be considered by Cabinet in December 2018 and is expected to be approved by Full Council in January 2019.
- 15.2 Any decision to increase the standard Band D Council Tax charge will be made at the final budget setting in March 2019. Under revised regulations set out in December 2017 as part of the 2018/19 finance settlement, authorities can now increase standard Band D Council Tax by up to 2.99% without a referendum compared to 1.99% previously.
- 15.3 It should be noted that the budget options detailed in this report include the option to increase the Adult Social Care Precept by 2% which will impact on the amount payable by Council Tax payers. Further announcements are anticipated by MHCLG on the future of the ASC Precept in December 2018.
- 15.4 Based on the 2018/19 Council Tax base, every 1% increase to Band D Council Tax generates approximately £0.500m of Core Funding – Council Tax income for the Council.

### **Council Tax: Greater London Authority (GLA) Council Tax Precept**

- 15.5 In 2018/19, the GLA increased the precept on London Boroughs' Band D Council Tax by £12.00 specifically to fund the police plus a further £2.21 (2.99%) for other services provided by the GLA.
- 15.6 In late June 2018, the Mayor's budget guidance for 2019/20 indicated that the GLA's Precept on Band D Council Tax may increase again. The GLA is proposing to increase their precept by an additional £12.00 to fund the police and a further £1.52 (1.99%) for non-police services. For 2019/10, the latter is earmarked to fund fire and rescue services.
- 15.7 The confirmation of the above is expected in January 2019 and it should be noted that the precept does not impact the Council's finances as the Council acts as agent on behalf of the Mayor of London.

## **The Collection Fund**

- 15.8 Statutory regulations require local authorities to account for annual Council Tax income in a manner different to normal accounting arrangements as would apply if using International Financial Reporting Standards (IFRS). This statutory override necessitates that any variance between the originally estimated net Council Tax yield and that subsequently achieved in year is not immediately transferred to the Comprehensive Income and Expenditure Account, but is held on the Balance Sheet and instead distributed in a subsequent year.

## **Business Rates**

- 15.9 In 2018/19 the business rates retention scheme developed into a two-year London-wide pooling arrangement whereby any growth that would normally be paid over the MHCLG (under the normal scheme, 50% of the growth above baseline levels is paid to central government as a levy) would be retained within London and distributed via four pots:
- Relative Need
  - Population
  - Growth Reward
  - Strategic Investment Pot (SIP) – bid process for this pot
- 15.10 Currently, the London pool is estimated to retain approximately £350m by not having to pay a levy on its overall growth above baseline levels. Due to the volatility of business rates in general, this figure is subject to change and the amount of growth Westminster will receive from this pot is dependent on the performance of all London boroughs.
- 15.11 At present, Westminster's share is estimated to be £6.7m in 2018/19. The outcome will be known at the end of the financial year once all London boroughs have submitted their final accounts. As the London pool is expected to operate for only two years, any growth retained will be placed into reserves to mitigate any volatility in local government funding after the outcome of the Fair Funding Review is known.
- 15.12 Westminster continues to be by far the biggest collector of business rates in the country, collecting around 8% of the national total. Due to Westminster's place in the national economy, rent levels, and hence business rates, continue to grow at rates well above the national average. There have been significant increases in rateable values at both the 2010 Revaluation (63% increase) and the 2017 Revaluation (25%). A consequence of the high revaluation increases has been to see record levels of appeals lodged against the Valuation Office Agency's rating assessments, which in turn has led to particularly high levels of subsequent rate

refunds – the majority of which have been back-dated to the very start of the 2010 Valuation List.

15.13 This led to a situation for Westminster whereby, after the impact of making refunds for successful appeals, the net amount collected has fallen below the Safety Net threshold for every year since the current scheme start in 2013/14. Only in recent times, now that the VOA has cleared much of the backlog has Westminster been able to budget at a level which it expects to be able to continue to do in the foreseeable future.

### **Future Outlook**

15.14 After two years in the London pool, the Council anticipates reverting back to the standard business rates retention scheme regulations. These are regulations whereby local authorities retain 50% of their tax yield (30% Westminster and 20% GLA) was introduced from the start of 2013/14. A series of top-ups and tariffs was applied to re-distribute these locally retained shares back to a starting baseline position – after which local authorities would benefit from subsequent growth, or bear their share of the losses (down to a capped level of loss at 7.5% below Baseline levels).

15.15 Government intends to amend this system by 2020 so that 75% of business rates are retained by local authorities. This will coincide with the Fair Funding Review (FFR) which will realign the formula by which Councils receive government funding. Further consultations on both the business rates scheme and FFR are expected during autumn 2018 with the final outcome of the 2020/21 funding mechanism known in 2019.

15.16 Westminster, like the rest of the UK, is exposed to a number of business rates risks which are outside its control but it will continue to seek further clarity from central government. These risks are:

- continued exposure to back dated appeals;
- the lack of VOA data from the 2017 valuation list following the introduction of Check-Challenge-Appeal (process for businesses to submit their appeals to the VOA);
- effective capacity the Valuation Office;
- uncertainty of the business rates reset. A reset is when the government updates the level at which it expects each council to collect in business rates;
- the future of the “High Street”.

## 16 Schools

### Dedicated Schools Grant

- 16.1 The Dedicated Schools Grant (DSG) is a specific ring-fenced grant received by local authorities to fund schools and central expenditure supporting the schools' budget. The grant also covers wider support to fund pupils with special educational needs, through an element in the DSG known as the High Needs block, and for two, three and four year olds in nursery and associated provision, through the Early Years element. Schools are funded through the DSG, not the General Fund. The National Funding Formula (NFF), which allocates DSG funds to local authorities, was introduced in 2018/19.
- 16.2 The DSG consists of four separate blocks: schools, central schools services (introduced in 2018/19), high needs and early years. The overall value of the DSG is ring-fenced; however, the four blocks that make up the DSG are not separately ring-fenced. Therefore, movement between blocks is possible subject to specific conditions and limits. Subject to agreement with Schools' Forum and following consultation with all local schools, the authority has the ability to transfer funds from the Schools block – this transfer can be up to 0.5% of the total value of the block. Any transfers higher than the 0.5% require Secretary of State approval.
- 16.3 Westminster City Council (WCC) does not contribute any of its own resources to fund schools but is required to fund the management and administration of education services from Council Tax and funding settlement resources.
- 16.4 The DSG carry forward from 2017/18 was £4.080m, which included an in year overspend of £1.194m mainly on high needs. The proposed allocation of the £4.080m shown below was considered at the June 2018 Schools' Forum. Given the proposed changes to schools funding as a result of the move towards the NFF over the next two years, the Schools' Forum deferred the decision on how much will be allocated to each block to the October 2018 Schools' Forum meeting.

Description	2018/19 £m	2019/20 £m	2020/21 £m
<b>Brought Forward Reserves</b>	<b>4.080</b>	<b>1.150</b>	<b>-</b>
<b>Early Years</b>			
Estimated ESFA adjustment part-year effect	0.780		
<b>Schools Block</b>			
Restructuring, redundancies and virtual school pressure	1.000		
<b>High Needs</b>			
Growth, Hospital Schools & post-16 unfunded growth	1.150	1.150	
<b>Central Schools Block</b>			
	-	-	
<b>Total Expenditure</b>	<b>2.930</b>	<b>1.150</b>	<b>-</b>
<b>Projected Year End Reserves</b>	<b>1.150</b>	<b>-</b>	<b>-</b>

## Implementation of the National Funding Formula (NFF)

### *Schools and high needs block*

- 16.5 The Department for Education (DfE) introduced the NFF for schools, high needs and central school services from 2018/19 to distribute resources to Local Authorities (LAs). Full implementation of the NFF is expected in 2021/22, subject to primary legislation by Central Government.
- 16.6 The introduction of the NFF represents a significant change, and is likely to lead to some schools benefiting from an increase in funding and others having funding reductions. To provide stability for LAs and schools through the transition before the NFF is introduced in full, in 2018/19 and 2019/20 each LA continues to set a local schools formula, in consultation with local schools. These local formulae determine individual schools' budgets. The DfE have decided that in order to continue to support a smooth transition, LAs will continue to set a local formulae in 2020/21. The Council will consult with the schools forum on the local formula.
- 16.7 The DfE has published illustrative LA and school level allocations for the schools block, high needs block and central school services block in 2019/20. The provisional allocations will be updated in December 2018.

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

*Central school services block in 2019/20*

16.9 The central school services block within the DSG will continue to provide funding for LAs to carry out central functions on behalf of compulsory school age pupils in state-funded and maintained schools and academies in England. Westminster’s provisional funding shows a reduction of £0.024m.

16.10 The block will continue to cover the two distinct elements of ongoing responsibilities and historic commitments. From 2020/21, the DfE expects to start to reduce the historic commitments element of the central school services funding block where authorities’ expenditure has not reduced. This is likely to further reduce WCCs allocation.

*Westminster NFF Provisional Funding Allocations 2019/20*

<b>Block</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Change</b>	<b>% Change</b>
Schools *	£112.414m	£112.787m	+£0.373m	+0.3%/ +0.4% per pupil
High Needs **	£25.151m	£25.597m	+£0.446m	+1.8%
Central School Services	£1.120m	£1.096m	-£0.024m	-2.1%
<b>Total</b>	<b>£138.685m</b>	<b>£139.480m</b>	<b>+£0.795m</b>	<b>+0.6%</b>
*Pupil numbers have reduced by 11 and schools block per pupil funding has increased by 0.4%. Allocation is before deduction for academies **before deductions for specific special needs place funding in special schools and mainstream units				

16.11 The early years funding block is allocated separately. In July 2018 the ESFA announced that 2018/19 Early Years Block funding has decreased by £2.312m. The revised budget is £13.396m from the original funding of £15.708m. The decrease is 14.7% and most of this is reduced payments to schools, academies and Private Voluntary and Independent nurseries (PVI) because of decreased participation.

16.12 The indicative figures show an overall increase of funding of 0.6% equivalent to £0.795m in 2019/20.

- 16.13 No individual school will see a reduction in funding in 2019/20 providing there is no decrease in pupil numbers. Reductions in any schools funding is limited by - 1.5% Minimum Funding Guarantee (MFG) in their pupil budget as per the funding regulations.
- 16.14 The 2017/18 year-end closing position for the LA-maintained primary and secondary schools was a collective balance of £5.414m. For the 2018/19, 10 schools are projecting a year end deficit. Any school in this situation is given officer support to prevent this from happening and to ensure that they set sustainable budgets commensurate with their resource levels.
- 16.15 The last pupil count was completed in October 2017. The number of children in secondary schools increased to 8,433 (+155) but the number of children in primary schools decreased to 10,153 (-234), an overall total fall of (-79). As school funding is pupil-based and the Education & Skills Funding Agency (ESFA) have set different primary and secondary units of funding this represented a cost pressure for schools. The October 2018 pupil count will change the 2019/20 notional funding allocations.
- 16.16 Schools in England report that they are facing rising cost pressures, especially from increased staffing costs. The Institute for Fiscal Studies (IFS) estimated in April 2016 that there would be at least a 7% real terms reduction in per-pupil spending between 2015/16 and 2019/20, or about 8% if changes in the costs likely to be faced by schools were also accounted for. The spending pressures that schools face make it imperative for the service to work with schools to ensure that they are equipped to face the challenges ahead and to insulate the local authority.

#### *Early Years Block*

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

#### *Pupil Premium*

- 16.18 In 2018/19 schools receive pupil premium funding for each child registered as eligible for free school meals at any point in the last six years. The per pupil figure is £1,320 per primary school pupil and £935 per secondary school pupil. Allocations for 2019/20 have not yet been announced.

- 16.19 For Pupil Premium Plus, for each pupil identified in the spring school census as having left local authority care because of adoption, a special guardianship order, a child arrangement order or a residence order, schools receive £2,300 per eligible pupil, an increase of £400 / 21% on the previous year (£1,900 in 2017/18).
- 16.20 Pupil premium for three and four year-old children is at a rate of £300 per eligible child. Schools can decide how they use the pupil premium and have to report on use each September on their individual school's website. There is no onus on WCC to monitor or capture this information, it is a school's responsibility.

#### *Academies and Free Schools*

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

### **17 Housing Revenue Account (HRA)**

- 17.1 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.
- 17.2 It accounts for the management and maintenance of c. 12,000 units of social housing and c.9,000 leaseholders within Westminster. The HRA itself is required to set a balanced budget and must not go into deficit, after taking into account HRA Reserves.
- 17.3 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 the HRA out of the subsidy system through taking on £68m of extra borrowing within the HRA, but in return retains all future rental income and economic benefit. The current HRA Cap is £333.5m with borrowing of £262.1m. Details in respect of the recent Government announcement that HRA borrowing caps are to be abolished are awaited in order to assess how this will impact upon the HRA business plan assumptions
- 17.4 The Council's Arm's 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 £1.415bn over 30 years. Any implications and changes that may result following the review into CWH have not been built into the projections for the HRA at this stage

- 17.5 The Government continues to control rent levels and rent increases through Rent Rebate Subsidy Limitation. A mechanism which limits the amount of eligible housing benefit payable if average rent increases by a Local Authority exceed Government determined limits. The Government have also legislated that HRA rents reduce in real terms over a 4 year period by 1%. This has cost the HRA c.£32m over this period and over 30 years the NPV cost is estimated to be c.£237m. We are currently in year 3 of this 4 year rent reduction process. Recent announcements indicate that the policy on rent rises will return to CPI plus 1% for 5 years from 2020.
- 17.6 Self-financing itself presents the Local Authority with a number of uncertainties and risks that will need to be monitored and actively managed. These include the impact on cash flow of funding the Council's ambitious Regeneration programme, the impact of the Right to Buy, interest rate risk, and the impact of welfare reform upon future rent collection.
- 17.7 The proposed HRA budget for 2019/20 is presented as a draft for noting at this stage. The Housing Investment Strategy and HRA 30 year Business Plan report is being presented to Cabinet in October and Full Council in November alongside the other budget papers to approve the five year (2019/20 to 2023/24) capital budget for the HRA. The proposals will continue to see the immediate capacity of the HRA applied to help deliver the Council's objectives of City for All. This means HRA reserves are projected to fall to close to a minimal level of circa £11m and all of the currently assumed borrowing headroom would be utilised by 2020/21, which would necessitate a focus on managing budgets and expenditure closely. The final HRA budget and business plan will come back to Cabinet and Full Council in February and March 2019, at which point certain key issues such as the impact of the recent Government announcement on borrowing caps will be further developed.

## **18 Public Health**

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

secured through re-procurements which have already concluded. The level of grant projected for 2019/20 is £30.4m.

## 19 2019/20 Proposals Requiring Consultations

### External consultations

- 19.1 The draft balanced budget for 2019/20 contains 2 savings proposals totalling £0.384m which have been identified as potentially requiring external consultation. These are:

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

It should be noted that whilst the following does not require consultation it nonetheless will be decided at March 2019 Full Council.

Adults	Adult Social Care Levy	£1.023m
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- 19.2 It is expected that all consultations will be complete by December 2018 and the responses will be considered by Cabinet and where necessary reported to Full Council when the budget is confirmed in March 2019.

### The Scrutiny Process

- 19.3 The Westminster Scrutiny Commission agreed in July 2007 to set up a Budget and Performance Task Group as a standing group, with the following terms of reference: "To consider, on behalf of the Policy and Scrutiny Committees, budget options and draft business plans and estimates at the appropriate stages in the business planning cycle and to submit recommendations / comments to the Cabinet and/or Cabinet Members."
- 19.4 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.
- 19.5 The minutes of the meetings held are presented in Annex A to this report.

## Financial Regulations

- 19.6 There is an obligation for the Council to regularly review its financial regulations. Financial regulations provide the framework for managing the Council's financial affairs.
- 19.7 The recent review of the financial regulations has been driven by the following factors:
- The Council's on-boarding to the Hampshire County Council Integrated Business Centre (IBC) solution. This will see the transition of the Council's primary transactional HR and finance processes to delivery by the IBC.
  - The implementation of the Programme Management Office which will manage the Council's major capital projects; and
  - Minor revisions to reflect changes to management arrangements, post titles and other clarifications.
- 19.8 The regulations set out the Council's requirements in respect of:
- Financial management roles and responsibilities
  - Financial planning and budgeting
  - Financial monitoring and control
  - Internal control and audit
  - Financial systems and procedures
  - External arrangements
- 19.9 The City Treasurer has statutory and delegated duties in relation to the financial administration and stewardship of the council. The statutory responsibilities cannot be overridden and arise from:
- Section 151 of the Local Government Act 1972;
  - The Local Government Finance Act 1988;
  - The Local Government and Housing Act 1989;
  - The Accounts and Audit Regulations 2015 (amended from 2003);
  - The Local Government Pension Scheme Regulations 2013 (amended from 1974/1997);
  - The Local Government Pension Scheme Regulations (Management and Investment of Funds) 2016;
  - Public Service Pensions Act 2013 (new);
  - The Local Authorities Goods and Services Acts 1970;
  - The Local Government Acts 2000 and 2003;
  - The Localism Act 2011.

## **20 Legal Implications**

- 20.1 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.
- 20.2 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.
- 20.3 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.
- 20.4 Section 25 of the Local Government Act 2003 requires that when a local authority is making its budget calculations, the Chief Finance Officer of the authority must report to the Council on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The Council has a statutory duty to have regard to the report of the City Treasurer on these issues when making decisions about its budget calculations. Attention is drawn to the report as set out in Section 11, where it is stated that the estimates are sufficiently robust for the purposes of the calculations and that the proposed financial balances and reserves over the medium term are adequate.
- 20.5 Some savings proposals may only be delivered after specific statutory or other legal procedures have been followed and/or consultation taken place. Where consultation is required the Council cannot rule out the possibility that they may change their minds on the proposal as a result of the responses to a consultation, and further reports to Cabinet or cabinet member (as appropriate) may be required.
- 20.6 Apart from statutory duties relating to specific proposals the Council must consider its obligations under the Equality Act. This is addressed in Section 23 below. In developing a final set of proposals for consideration, officers have had regard to how the equality duty can be fulfilled in relation to the proposals overall. However further detailed equality impact assessments may be required for specific proposals as identified by each directorate prior to final decisions being made.

20.7 Section 106, Local Government Finance Act 1992, applies to Members where:

- they are present at a meeting of the Council, the Cabinet or a Committee and at the time of the meeting an amount of Council Tax is payable by them and has remained unpaid for at least two months; and
- any budget or Council Tax calculation, or recommendation or decision which might affect the making of any such calculation, is the subject of consideration at the meeting.

20.8 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.

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

## **21 People's Services Comments**

21.1 The Council is required by law to notify the Redundancy Payments Service (RPS), of a proposal to dismiss 20 or more employees as redundant at one establishment within a period of 90 days or less.

21.2 The RPS, acting on behalf of the Secretary of State for Business, Energy and Industrial Strategy (BEIS), collects the information and distributes it to the appropriate Government Departments and Agencies who offer job brokering services and/or training services so that they can discharge their obligation to the affected employees.

21.3 The budget proposals for 2019/20 are likely to result in up to a reduction in headcount of six. It is expected that these will be met from existing vacancies and so it is unlikely at this stage that any redundancies are expected in relation to this proposals. Regardless of this, as the headcount reduction is less than 20, the statutory requirement to complete an HR1 form to the BEIS is deemed unnecessary at this stage.

## **22 Procurement Implications**

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

## **23 Equalities Implications**

- 23.1 Under the Equalities Act 2010 the Council has a legal duty to pay “due regard” to the need to eliminate discrimination and promote equality with regard to the protected characteristics of age, disability, gender reassignment, marriage/ civil partnership, pregnancy/ maternity, race, religion or belief and sexual orientation.
- 23.2 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.
- 23.3 A screening of all budget measures has been undertaken to ensure that the equality duty has been considered where appropriate. Details of the Equality Impact Assessments (EIAs) are included in Annex B. Where it has been identified that a proposal may have an adverse impact on people who share a protected characteristic, an assessment of the impact has been undertaken to ensure that “due regard” is paid to the equality duties as required by statute. Where budget proposals required a full EIA to be undertaken, these have been published and shared with the Budget & Performance Task Group to ensure they form part of the budget scrutiny process.

## **Annexes**

- A Budget and Performance Task Group Report and Meeting Minutes
- B Equalities Impact Assessments
- C Schedules to the Budget Proposals (See Below)
- D Financial Regulations

## **Schedules to the Budget Proposals:**

- 1 Gross Income
- 2 Gross Expenditure
- 3 Net Budget Requirement (by Cabinet Member and ELT)
- 4 Details of Budget Changes

## **Background Papers**

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

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

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

**If you have any queries about this report or wish to inspect any of the background papers, please contact: Jake Bacchus on 0207 641 1360 or at [jbacchus@westminster.gov.uk](mailto:jbacchus@westminster.gov.uk)**

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

**1. Executive Summary - The Scrutiny Process**

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

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

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

The Task Group examined five key themes:

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

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

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

**2. Overall Budget**

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

**3. Risks**

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

**4. General Observations**

Westminster City Council has a large and ambitious capital programme that is vital to delivering some the council's key priorities. The relevant Policy and Scrutiny Committee should review the delivery of the capital programme. The council should investigate ways that a new Facilities Management contract could involve Small and Medium Enterprises. Savings proposals should be communicated using clear language to ensure the effects that they will have on services users can be clearly understood. This was not always the case with some of the language used in Task Group's papers.

**5. Positive Observations**

The Task Group found clear examples of proposals avoiding optimism bias including a cautious approach to forecasting income for City Promotions, Events and Filming and advertising on waste vehicles.

## **Budget Task Group**

### **MINUTES OF PROCEEDINGS**

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

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

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

#### **1. Welcome and Apologies**

1.1 The Chair welcomed those present.

#### **2. Declarations of Interest**

2.1 There were no declarations of interest.

#### **3. Capital Budget Overview**

3.1 Steve Mair presented the capital budget overview. In response to members' questions, the task group was told:

- There is a 6 year window for the flexible use of capital receipts
- When making property investments the council focuses on the potential return. Potential returns are benchmarked against the return the council could generate by contributing to the pension fund deficit (5.1%). Investments that do not reach that benchmark would still be considered if they demonstrate other strategic benefits
- Colleagues from services are invited to suggest ideas for the flexible use of capital receipts, however any suggestions have to be transformational and generate savings.
- The council does not need to get MHCLG permission for the flexible use of capital receipts, but it must have a strategy in place and this must be

- approved by full council. The council discusses each proposed initiative with its auditors.
- The additional funding from flexible use of capital receipts for the City Hall refurbishment project is due to refined estimates of rental costs for decant accommodation during the project. The programme as a whole is forecast to be under its capital budget.
  - Most capital schemes have approximately 20% contingency. Each scheme has a different contingency, as it is risk based and evaluated at different points during a scheme as the risk changes. The City Treasurer's department works with colleagues in services to understand the commercial challenges involved in capital schemes.

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

- 4.1 Barbara Brownlee presented the Growth, Planning and Housing (GPH) Capital Budget. In response to members' questions, the Task Group was told that:
- The Council has an ambitious housebuilding plan. Other key schemes include major office moves and Oxford Street District.
  - Staffing of the GPH capital programme is always under review and ensuring the correct levels was a key council focus. A programme management office has been established which will be responsible for monitoring all capital schemes. The ambition is for this office to be able give one council wide view of the performance of all capital programmes.
  - The £71.9m for property acquisitions will only be used if the right properties become available. No revenue income assumptions have been made against this budget so there is no risk to achieving the revenue budget should no acquisitions be made.
  - The council has a cash flow model that it uses to inform decisions around borrowing for programmes. Different scenarios for forward borrowing are being investigated.
  - The governance involved in making sure issues with the capital programme are raised include the Capital Review Group being chaired by the Cabinet Member for Finance, Property and Regeneration, the Executive Leadership Team giving more attention to the capital programme and the establishment of the Programme Management Office.
  - Two of the main challenges for GPH will be Lisson Grove, which is a challenging programme, and Oxford Street, which will be high profile.
  - The net expenditure for Huguenot House includes income from sales of completed units.
  - Large landowners have expressed an interest in contributing to the redevelopment of Oxford Street, but the Council needs to understand what their expectations might be.
  - The council normally borrows from the Public Works Loans Board. The rates are based on the national landscape, meaning that the reputation of the local government sector and the challenges being faced by some authorities should not affect Westminster's ability to borrow or the rates available.

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

## **5. Housing Revenue Account 2019/20 Capital Budget**

- 5.1 Barbara Brownlee presented the Housing Revenue Account (HRA) capital budget. In response to members’ questions, the task group was told:
- The housebuilding programme had brought forward the year at which the HRA would reach its borrowing cap.
  - The HRA programme is dependent upon income. The risks associated with this were constantly being monitored and mitigation put in place.
  - The council had modelled what the HRA borrowing cap would need to be for the council to deliver all of its known ambitions, which exceeded the current financial capacity of the HRA.
  - The capital expenditure labelled ‘other’ was the infill programme that made use of underutilised council land for housing.

## **6. City Management and Communities 2019/20 Capital Budget**

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

## **7. Children’s Services 2019/20 Capital Budget**

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

## **8. Adult Social Care 2019/20 Capital Budget**

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

## **9 Corporate Services 2019/20 Capital Budget**

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

## **10. City Treasurer's 2019/20 Capital Budget**

- 10.1 Steve Muldoon presented the City Treasurer's capital budget. In response to members' questions, the task group was told:
- The budget was purely comprised of contingency held centrally on behalf of the council.
  - Central held contingency includes an element of contingency budget taken from each scheme. Services have to bid for access to these contingencies.

## **11. MEETING CLOSE**

- 11.1 The Meeting ended at 19:30

## **Budget Task Group**

### **MINUTES OF PROCEEDINGS**

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

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

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

#### **1. Welcome and Apologies**

1.1 The chair welcomed those present.

#### **2. Declarations of Interest**

2.1 There were no declarations of interest.

#### **3. 2019/20 Budget Overview**

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

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

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

#### **4. Adult Social Care 2019/20 Budget**

4.1 Bernie Flaherty presented the Adult Social Care (ASC) budget. In response to members' questions, the task group was told:

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

## **5. Public Health 2019/20 Budget**

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

## **6. Children's Services 2019/20 Budget**

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

## **7. Growth, Planning and Housing 2019/20 Budget**

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

## **8 Housing Revenue Account 2019/20 Budget**

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

## **9. MEETING CLOSE**

- 9.1 The Meeting ended at 8:22pm

## **Budget Task Group**

### **MINUTES OF PROCEEDINGS**

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

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

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

#### **1 Welcome and Apologies**

1.1 The Chairman welcomed those present.

#### **2 Declarations of Interest**

2.1 There were no declarations of interest.

#### **3 City Management and Communities 2019/20 Budget**

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

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

GPH will be merged and the current underspend on staff costs in these two teams will be removed as a saving.

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

#### **4 Policy, Performance and Communications 2019/20 Budget**

4.1 Julia Corkey presented the Policy, Performance and Communications (PPC) budget. In response to members' questions, the task group was told:

- PPC is due to fall short against its income target due to market pressures. There has been a decrease in the number of film premieres which has affected income, this is due to cinemas in Leicester Square being redeveloped, other areas attracting film premieres and a general trend of fewer films having high profile premieres. The council is not forecasting an increase in income once the cinemas reopen.
- There are fewer events being held in the city as the council balances income and other benefits with resident amenity.

- The £222,000 saving from a review of staffing is the equivalent of approximately five posts. The saving includes £50,000 from the Lord Mayor's Office.
- The council is appealing an increase in business rates for the Piccadilly Underpass advertising site.

## **5 Corporate Services 2019/20 Budget**

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

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

## **6 City Treasurer 2019/20 Budget**

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

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

**7 MEETING CLOSE**

7.1 The Meeting ended at 8:08

## **Equalities Impact Assessments**

The Council has a duty to ensure that all policy decisions are considered to assess whether they have any equality impacts. All budget changes set out in this report have been screened to ensure impacts have been considered where appropriate.

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

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

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

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

A summary of all the assessments is presented below:

EIA Reference Number	EIA Description	Executive Director	Full EIA or Screening Only	Annex B Breakdown	Page Number
<b>Leader of the Council (Councillor Aiken)</b>					
1.68	Review of Staffing within PPC	Policy, Performance & Communications (Julia Corkey)	Screening	Part A	60
1.69	Review of Corporate Services, pay and non pay budgets	Corporate Services (John Quinn)	Screening	Part A	68
<b>Finance, Property and Regeneration (Councillor Robathan)</b>					
1.18	Increase in Council Tax Base	City Treasurer's (Steve Mair)	Screening	Part A	1
1.20	Revenue & Benefits – contract re-procurement	City Treasurer's (Steve Mair)	Screening	Part A	9
1.25	Corporate Property Strategy	Growth, Planning & Housing (Barbara Brownlee)	Screening	Part A	18
1.40	Property Rationalisation and Asset Management	Growth, Planning & Housing (Barbara Brownlee)	Screening	Part A	27
1.52	Treasury Management and review of non-pay budgets	City Treasurer's (Steve Mair)	Screening	Part A	36
1.62	Business Rates	City Treasurer's (Steve Mair)	Screening	Part A	44
1.67	Capital Programme slippage impact	City Treasurer's (Steve Mair)	Screening	Part A	52
1.69	Review of Corporate Services, pay and non pay budgets	Corporate Services (John Quinn)	Screening	Part A	68
<b>Family Services and Public Health (Councillor Acton)</b>					
3.20	Review of contracts	Adult Services (Bernie Flaherty)	Full EIA	Part A	76
3.21	Promoting independence	Adult Services (Bernie Flaherty)	Screening	Part A	88
3.26	Bi-Borough Process and Policy Review	Adult Services (Bernie Flaherty)	Screening	Part A	88
3.30	Improved market management	Adult Services (Bernie Flaherty)	Screening	Part A	99
3.35	Adult Social Care Levy (Precept)	Adult Services (Bernie Flaherty)	Screening	Part A	110
3.38	Use of IBCF Grant to fund placements budget	Adult Services (Bernie Flaherty)	Screening	Part A	110
3.39	Public Health budget changes	Adult Services (Bernie Flaherty)	Screening	Part A	121
8.22	Children's – Grant Utilisation	Children's Services (Melissa Caslake)	Screening	Part A	129
8.23	Children's - Collaborative Commissioning	Children's Services (Melissa Caslake)	Full EIA	Part A	138
8.24	Children's - Lean Operations Review	Children's Services (Melissa Caslake)	Screening	Part A	148
<b>Housing and Customer Services (Councillor Smith)</b>					
1.69	Review of Corporate Services, pay and non pay budgets	Corporate Services (John Quinn)	Screening	Part A	68
4.18	Housing General Fund	Growth, Planning & Housing (Barbara Brownlee)	Screening	Part B	157
4.19	GPH 5% Vacancy Factor	Growth, Planning & Housing (Barbara Brownlee)	Screening	Part A	169
4.20	CityWest Homes efficiency savings	Growth, Planning & Housing (Barbara Brownlee)	Screening	Part B	177
<b>Public Protection and Licensing (Councillor Adams)</b>					
1.3 (ii)	Digital saving - validation hub	City Management & Communities (Richard Barker)	Screening	Part B	185
6.09	Regulatory support services & pre-application advice	City Management & Communities (Richard Barker)	Screening	Part B	194
6.13	PPL Fee review and additional income	City Management & Communities (Richard Barker)	Full EIA	Part B	203
<b>Environment and City Management (Councillor Mitchell)</b>					
1.3 (i)	Digital saving - Parking Permits	City Management & Communities (Richard Barker)	Screening	Part B	212
5.16	Westminster Car Club (Parking)	City Management & Communities (Richard Barker)	Screening	Part B	228
6.11	Integrated neighbourhoods services - Phase 3	City Management & Communities (Richard Barker)	Screening	Part B	235
7.20	Waste contract savings	City Management & Communities (Richard Barker)	Screening	Part B	244
7.22	Advertising on waste collection vehicles	City Management & Communities (Richard Barker)	Screening	Part B	252
7.24	Commercial Waste Income	City Management & Communities (Richard Barker)	Screening	Part B	260
7.26	Parking Debt Recovery	City Management & Communities (Richard Barker)	Screening	Part B	268
7.27	Road Management: Reclassification of Roads	City Management & Communities (Richard Barker)	Screening	Part B	279
<b>Deputy Leader, Economic Development, Education and Community (Councillor Harvey)</b>					
2.09	Libraries: commercial and business opportunities	City Management & Communities (Richard Barker)	Screening	Part B	287
2.10	Community Services: controllable spend review	City Management & Communities (Richard Barker)	Screening	Part B	297
6.11	Integrated neighbourhoods services - Phase 3	City Management & Communities (Richard Barker)	Screening	Part B	308
7.12	Sports and leisure savings Phase 2	City Management & Communities (Richard Barker)	Screening	Part B	315
7.19	Libraries further service transformations	City Management & Communities (Richard Barker)	Full EIA	Part B	324

## List of savings proposals by Executive Directorate

Ref	Description	£'000
3.20	Review of contracts	250
3.21	Promoting independence	300
3.26	Bi-Borough Process and Policy Review	200
3.30	Improved market management	500
3.35	Adult Social Care Levy (Precept)	1,023
3.38	Use of IBCF Grant to fund placements budget	2,828
<b>Total Adult Services</b>		<b>5,101</b>
8.22	Children's – Additional services chargeable to Public Health Grant	448
8.23	Children's - Collaborative Commissioning	200
8.24	Children's - Lean Operations Review	200
<b>Total Children's Services</b>		<b>846</b>
1.3	Digital saving - Parking Permits	293
1.3	Digital saving - validation hub	55
2.9	Libraries: commercial and business opportunities	300
2.10	Community Services: controllable spend review	119
5.16	Westminster Car Club (Parking)	163
6.9	Regulatory support services & pre-application advice	50
6.11	Integrated neighbourhoods services - Phase 3	900
6.13	PPL Fee review and additional income	184
7.12	Sports & Leisure - Phase II	400
7.19	Libraries further service transformations	200
7.20	Waste contract savings	1,000
7.22	Advertising on waste collection vehicles	350
7.24	Commercial Waste Income	330
7.26	Parking Debt Recovery	250
7.27	Road Management: Reclassification of Roads	200
<b>Total City Management &amp; Communities</b>		<b>4,794</b>
1.25	Corporate Property Strategy	1,500
1.40	Property rationalisation and asset management	1,420
4.18	Housing General Fund	200
4.19	GPH 5% Vacancy factor	751
4.20	CityWest Homes efficiency savings	100
<b>Total Growth, Planning &amp; Housing</b>		<b>3,971</b>
1.69	Review of Corporate Services, pay and non pay budgets	297
<b>Total Corporate Services</b>		<b>297</b>
1.68	Review of Staffing within PPC directorate	222
<b>Total Policy, Performance &amp; Communications</b>		<b>222</b>
1.18	Increase in Council Tax Base	475
1.20	Revenue & Benefits – contract re-procurement	2,965
1.52	City Treasurers - Treasury Management	4,081
1.62	Business rates	9,701
1.67	Capital programme slippage impact	3,395
<b>Total City Treasurer's</b>		<b>20,617</b>
<b>Total General Fund</b>		<b>35,848</b>

Savings references 8.23, and 6.13 require external consultations which are all due to be complete by December 2018. Further details can be found in section 19.1.

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

Cabinet Member	Revised 2018/19 Budget £'000	Budget Change £'000	Draft 2019/20 Budget £'000
Leader of the Council	(6,357)	0	(6,357)
Deputy Leader, Economic Development, Education and Community	(108,726)	(950)	(109,676)
Environment and City Management	(119,001)	(1,393)	(120,394)
Family Services and Public Health	(93,578)	(15,712)	(109,290)
Finance, Property and Regeneration	(276,123)	(16,160)	(292,283)
Housing and Customer Services	(47,782)	(100)	(47,882)
Place Shaping and Planning	(8,377)	0	(8,377)
Public Protection and Licensing	(10,519)	4	(10,515)
<b>Sub-Total Gross Income</b>	<b>(670,463)</b>	<b>(34,312)</b>	<b>(704,775)</b>
<b>Core Funding</b>			
Net Pooled Business Rates	(133,810)	8,500	(125,310)
Council Tax Income	(53,831)	0	(53,831)
<b>Sub-Total Gross Income</b>	<b>(187,641)</b>	<b>8,500</b>	<b>(179,141)</b>
<b>Total Gross Income</b>	<b>(858,104)</b>	<b>(25,812)</b>	<b>(883,916)</b>

Executive Leadership Team	Revised 2018/19 Budget £'000	Budget Change £'000	Draft 2019/20 Budget £'000
City Treasurer	(31,603)	(14,257)	(45,860)
Director of Policy, Performance and Communications	(7,879)	0	(7,879)
Executive Director of Adult Services*	(86,798)	(15,807)	(102,605)
Executive Director of Children's Services	(106,228)	95	(106,133)
Executive Director of City Management and Communities	(136,967)	(2,339)	(139,306)
Executive Director of Corporate Services	(5,593)	0	(5,593)
Executive Director of Growth, Planning and Housing	(295,397)	(2,004)	(297,400)
<b>Sub-Total Gross Income</b>	<b>(670,463)</b>	<b>(34,312)</b>	<b>(704,775)</b>
<b>Core Funding</b>			
Net Pooled Business Rates	(133,810)	8,500	(125,310)
Council Tax Income	(53,831)	0	(53,831)
<b>Sub-Total Gross Income</b>	<b>(187,641)</b>	<b>8,500</b>	<b>(179,141)</b>
<b>Total Gross Income</b>	<b>(858,104)</b>	<b>(25,812)</b>	<b>(883,916)</b>

\*this includes Public Health

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

<b>Cabinet Member</b>	<b>Revised 2018/19 Budget £'000</b>	<b>Budget Change £'000</b>	<b>Draft 2019/20 Budget £'000</b>
Leader of the Council	14,998	45	15,043
Deputy Leader, Economic Development, Education and Community	122,985	(508)	122,477
Environment and City Management	105,078	(1,143)	103,935
Family Services and Public Health	174,426	12,832	187,258
Finance, Property and Regeneration	328,122	15,636	343,757
Housing and Customer Services	83,065	(961)	82,104
Place Shaping and Planning	10,304	0	10,304
Public Protection and Licensing	19,127	(89)	19,038
<b>Sub-Total Gross Expenditure</b>	<b>858,104</b>	<b>25,812</b>	<b>883,916</b>
<b>Core Funding</b>			
Net Pooled Business Rates	0	0	0
Council Tax Income	0	0	0
<b>Sub-Total Gross Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Gross Expenditure</b>	<b>858,104</b>	<b>25,812</b>	<b>883,916</b>

<b>Executive Leadership Team</b>	<b>Revised 2018/19 Budget £'000</b>	<b>Budget Change £'000</b>	<b>Draft 2019/20 Budget £'000</b>
City Treasurer	85,446	12,956	98,402
Director of Policy, Performance and Communications	17,856	(222)	17,634
Executive Director Adult of Services*	143,499	12,596	156,095
Executive Director of Children's Services	134,985	497	135,482
Executive Director of City Management and Communities	137,331	(2,001)	135,330
Executive Director of Corporate Services	18,593	1,803	20,396
Executive Director of Growth, Planning and Housing	320,396	183	320,578
<b>Sub-Total Gross Expenditure</b>	<b>858,104</b>	<b>25,812</b>	<b>883,916</b>
<b>Core Funding</b>			
Net Pooled Business Rates	0	0	0
Council Tax Income	0	0	0
<b>Sub-Total Gross Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Gross Expenditure</b>	<b>858,104</b>	<b>25,812</b>	<b>883,916</b>

\*this includes Public Health

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

<b>Cabinet Member</b>	<b>Revised 2018/19 Budget £'000</b>	<b>Budget Change £'000</b>	<b>Draft 2019/20 Budget £'000</b>
Leader of the Council	8,641	45	8,686
Deputy Leader, Economic Development, Education and Community	14,258	(1,458)	12,800
Environment and City Management	(13,922)	(2,536)	(16,458)
Family Services and Public Health	80,848	(2,880)	77,968
Finance, Property and Regeneration	51,999	(525)	51,474
Housing and Customer Services	35,282	(1,061)	34,221
Place Shaping and Planning	1,927	0	1,927
Public Protection and Licensing	8,608	(85)	8,523
<b>Sub-Total Gross Expenditure</b>	<b>187,641</b>	<b>(8,500)</b>	<b>179,141</b>
<b>Core Funding</b>			
Net Pooled Business Rates	(133,810)	8,500	(125,310)
Council Tax Income	(53,831)	0	(53,831)
<b>Sub-Total Gross Expenditure</b>	<b>(187,641)</b>	<b>8,500</b>	<b>(179,141)</b>
<b>Total Gross Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Executive Leadership Team</b>	<b>Revised 2018/19 Budget £'000</b>	<b>Budget Change £'000</b>	<b>Draft 2019/20 Budget £'000</b>
City Treasurer	53,843	(1,301)	52,542
Director of Policy, Performance and Communications	9,977	(222)	9,755
Executive Director of Adult Services*	56,701	(3,211)	53,490
Executive Director of Children's Services	28,757	592	29,349
Executive Director of City Management and Communities	364	(4,340)	(3,976)
Executive Director of Corporate Services	13,000	1,803	14,803
Executive Director of Growth, Planning and Housing	24,999	(1,821)	23,178
<b>Sub-Total Gross Expenditure</b>	<b>187,641</b>	<b>(8,500)</b>	<b>179,141</b>
<b>Core Funding</b>			
Net Pooled Business Rates	(133,810)	8,500	(125,310)
Council Tax Income	(53,831)	0	(53,831)
<b>Sub-Total Gross Expenditure</b>	<b>(187,641)</b>	<b>8,500</b>	<b>(179,141)</b>
<b>Total Gross Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>

\*this includes Public Health

**Schedule 4 - Summary Service Budget Changes by Executive Leadership Team and Cabinet Member**

Cabinet Member:	Executive Leadership Team							Total £'000
	City Treasurer*	Director of Policy, Performance and Communications	Executive Director of Adult Services**	Executive Director of Children's Services	Executive Director of City Management and Communities	Executive Director of Corporate Services	Executive Director of Growth, Planning and Housing	
Leader of the Council	0	(222)	0	0	0	(83)	0	(305)
Deputy Leader, Economic Development, Education and Community	0	0	0	0	(1,819)	0	0	(1,819)
Environment and City Management	0	0	0	0	(2,686)	0	0	(2,686)
Family Services and Public Health	0	0	(5,101)	(846)	0	0	0	(5,947)
Finance, Property and Regeneration	(20,617)	0	0	0	0	(204)	(2,920)	(23,741)
Housing and Customer Services	0	0	0	0	0	(10)	(1,051)	(1,061)
Place Shaping and Planning	0	0	0	0	0	0	0	0
Public Protection and Licensing	0	0	0	0	(289)	0	0	(289)
<b>Sub-Total Savings £'000</b>	<b>(20,617)</b>	<b>(222)</b>	<b>(5,101)</b>	<b>(846)</b>	<b>(4,794)</b>	<b>(297)</b>	<b>(3,971)</b>	<b>(35,848)</b>
Leader of the Council	0	0	0	0	0	350	0	350
Deputy Leader, Economic Development, Education and Community	0	0	0	261	100	0	0	361
Environment and City Management	0	0	0	0	150	0	0	150
Family Services and Public Health	0	0	1,890	1,177	0	0	0	3,067
Finance, Property and Regeneration	1,516	0	0	0	0	1,750	2,150	5,416
Housing and Customer Services	0	0	0	0	0	0	0	0
Place Shaping and Planning	0	0	0	0	0	0	0	0
Public Protection and Licensing	0	0	0	0	204	0	0	204
<b>Sub-Total Growth for Service Pressures £'000</b>	<b>1,516</b>	<b>0</b>	<b>1,890</b>	<b>1,438</b>	<b>454</b>	<b>2,100</b>	<b>2,150</b>	<b>9,548</b>
Finance, Property and Regeneration	26,300	0	0	0	0	0	0	26,300
<b>Sub-Total Budget Gap £'000</b>	<b>26,300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26,300</b>
<b>Total General Fund Impact £'000</b>	<b>7,199</b>	<b>(222)</b>	<b>(3,211)</b>	<b>592</b>	<b>(4,340)</b>	<b>1,803</b>	<b>(1,821)</b>	<b>0</b>

\*Includes Changes for Core Funding For  
Net Business Rates and Council Tax  
Income

\*\*this includes Public Health

**Schedule 4b - Summary of 2019/20 Savings and Growth for Pressure by Cabinet Member**

Title of Budget Change Proposal	Budget Change Type £'000		
	Expenditure	Income	Total
Enhancement of the Maternity and Parental leave policies	350	0	350
<b>Pressure Total</b>	<b>350</b>	<b>0</b>	<b>350</b>
Review of Staffing within PPC directorate	(222)	0	(222)
Review of Corporate Services, pay and non pay budgets	(83)	0	(83)
<b>Saving Total</b>	<b>(305)</b>	<b>0</b>	<b>(305)</b>
<b>Leader of the Council Total</b>	<b>45</b>	<b>0</b>	<b>45</b>

Home to School Transport - inflation and minimum wage changes, plus volume increases	261	0	261
Loss of passport and citizenship application checking income	0	100	100
<b>Pressure Total</b>	<b>261</b>	<b>100</b>	<b>361</b>
Community Services controllable spend review	(119)	0	(119)
Libraries and registrars commercial and business opportunities	0	(300)	(300)
Integrated neighbourhoods services - Phase 3	(450)	(350)	(800)
Sports & Leisure - Phase II	0	(400)	(400)
Libraries further service transformations	(200)	0	(200)
<b>Saving Total</b>	<b>(769)</b>	<b>(1,050)</b>	<b>(1,819)</b>
<b>Deputy Leader, Economic Development, Education and Community Total</b>	<b>(508)</b>	<b>(950)</b>	<b>(1,458)</b>

Street Cleansing	150	0	150
<b>Pressure Total</b>	<b>150</b>	<b>0</b>	<b>150</b>
Digital saving - Parking Permits	(293)	0	(293)
Westminster Car Club (Parking)	0	(163)	(163)
Waste contract savings	(1,000)	0	(1,000)
Advertising on waste collection vehicles	0	(350)	(350)
Commercial Waste Income	0	(330)	(330)
Parking Debt Recovery	0	(250)	(250)
Road Management: Reclassification of Roads	0	(200)	(200)
Integrated neighbourhoods services - Phase 3	0	(100)	(100)
<b>Saving Total</b>	<b>(1,293)</b>	<b>(1,393)</b>	<b>(2,686)</b>
<b>Environment and City Management Total</b>	<b>(1,143)</b>	<b>(1,393)</b>	<b>(2,536)</b>

**Schedule 4b - Summary of 2019/20 Savings and Growth for Pressure by Cabinet Member**

Demographic Pressures	561	0	561
Children with learning disabilities transitioning into adults services	624	0	624
Complexity & Acuity pressures on Adult Social Care Budgets	705	0	705
Family Services – Placement related pressures	1,082	95	1,177
<b>Pressure Total</b>	<b>2,972</b>	<b>95</b>	<b>3,067</b>
Review of Contracts	(250)	0	(250)
Promoting independence	(300)	0	(300)
Process and Policy Review	(200)	0	(200)
Improved Market Management	(500)	0	(500)
Adult Social Care Levy	(1,023)	0	(1,023)
Use of iBCF Grant to fund placements budget	(2,828)	0	(2,828)
Review of Grant Utilisation across Children's Services	(446)	0	(446)
Collaborative Commissioning	(200)	0	(200)
Leaks and bottlenecks review	(200)	0	(200)
<b>Saving Total</b>	<b>(5,947)</b>	<b>0</b>	<b>(5,947)</b>
<b>Family Services, Adult Social Services and Public Health Total</b>	<b>(2,975)</b>	<b>95</b>	<b>(2,880)</b>
Performance and Contract Managed Service Provider	1,516	0	1,516
Developer Income	1,750	0	1,750
Facilities Management Costs	0	900	900
<b>Pressure Total</b>	<b>4,516</b>	<b>900</b>	<b>5,416</b>
Increase in Council Tax Base	0	(475)	(475)
Revenue & Benefits – contract re-procurement	(2,965)	0	(2,965)
Corporate Property Strategy	0	(1,500)	(1,500)
Property rationalisation and asset management	(117)	(1,304)	(1,420)
City Treasurers - Treasury Management	0	(4,081)	(4,081)
Business rates	0	(9,701)	(9,701)
Capital programme slippage impact	(3,395)	0	(3,395)
Review of Corporate Services, pay and non pay budgets	(204)	0	(204)
<b>Saving Total</b>	<b>(6,681)</b>	<b>(17,061)</b>	<b>(23,741)</b>
<b>Finance, Property and Regeneration Total</b>	<b>(2,165)</b>	<b>(16,161)</b>	<b>(18,325)</b>
Review of Corporate Services, pay and non pay budgets	(10)	0	(10)
Housing GF	(100)	(100)	(200)
GPH 5% Vacancy factor	(751)	0	(751)
CHW Efficiency saving	(100)	0	(100)
<b>Saving Total</b>	<b>(961)</b>	<b>(100)</b>	<b>(1,061)</b>
<b>Housing and Customer Services Total</b>	<b>(961)</b>	<b>(100)</b>	<b>(1,061)</b>
MOPAC funding reduction	0	204	204
<b>Pressure Total</b>	<b>0</b>	<b>204</b>	<b>204</b>
Digital saving - Validation Hub (Licensing)	(55)	0	(55)
Public Protection & Licensing fee review and additional income	(34)	(150)	(184)
Regulatory support services & pre-application advice	0	(50)	(50)
<b>Saving Total</b>	<b>(89)</b>	<b>(200)</b>	<b>(289)</b>
<b>Public Protection and Licensing Total</b>	<b>(89)</b>	<b>4</b>	<b>(85)</b>

<b>Overall Service Summary</b>	<b>Expenditure</b>	<b>Income</b>	<b>Total</b>
Sub-Total Growth for Pressures	8,249	1,299	<b>9,548</b>
Sub-Total Savings	(16,045)	(19,804)	<b>(35,848)</b>
<b>Net Total</b>	<b>(7,796)</b>	<b>(18,505)</b>	<b>(26,300)</b>

**Schedule 4c Summary of Budget Gap**

<b>Core Funding Changes:</b>	<b>Expenditure £'000</b>	<b>Income £'000</b>	<b>Total £'000</b>
Net Business Rates Change (loss from RSG Roll In)	0	8,500	<b>8,500</b>
<b>Sub-Total Core Funding Changes</b>	<b>0</b>	<b>8,500</b>	<b>8,500</b>

<b>Non-Core Funding Changes:</b>			
Inflation	6,200	0	<b>6,200</b>
Risks	3,000	0	<b>3,000</b>
Pension Fund Deficit Recovery	4,000	0	<b>4,000</b>
Pressures	1,200	0	<b>1,200</b>
Capital Programme	3,400	0	<b>3,400</b>
<b>Sub-Total Non-Core Funding Changes</b>	<b>17,800</b>	<b>0</b>	<b>17,800</b>
<b>Total Budget Gap</b>	<b>17,800</b>	<b>8,500</b>	<b>26,300</b>



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# WESTMINSTER CITY COUNCIL – City of Westminster

## FINANCIAL REGULATIONS

### Contents

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<b>Part A</b>	<b><i>Status of financial regulations</i></b>
<b>Part B</b>	<b><i>Financial management roles and responsibilities</i></b>
<b>Part C</b>	<b><i>Financial planning and budgeting</i></b>
<b>Part D</b>	<b><i>Financial monitoring and control</i></b>
<b>Part E</b>	<b><i>Internal control and audit</i></b>
<b>Part F</b>	<b><i>Financial systems and procedures</i></b>
<b>Part G</b>	<b><i>External arrangements</i></b>

### **Appendix A Schedule of financial authority to officers**

Within these Regulations **Executive Director of Finance & Resources** means:

- The officer with the statutory responsibility for the proper administration of the Council's financial affairs in accordance with S151 of the Local Government Act 1972, i.e. Chief Finance Officer;
- Or those officers authorised to act on his/her behalf.

### **Part A: Status of Financial Regulations**

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#### **1. Purpose**

1.1 These Financial Regulations (Regulations) provide the governance framework for managing the Council's financial affairs.

#### **2. Status**

2.1 The Local Government Act 1972 (Section 151) makes the Chief Finance Officer (Executive Director of Finance & Resources) responsible for the proper administration of the Council's financial affairs. These Regulations are issued pursuant to these responsibilities.

#### **3. Scope**

3.1 The regulations set out the Council's requirements in respect of:

- financial management roles and responsibilities
- financial planning and budgeting
- financial monitoring and control
- internal control and audit
- financial systems and procedures
- external arrangements

- 3.2 The regulations apply to the control of both the General Fund finances (except for schools) and the Housing Revenue Account.
- 3.3 Appendix A to the Regulations comprises the 'Schedule of Financial Authority to Officers' which sets out the approved financial limits within which officers may conduct the Council's business.
- 3.4 The Regulations are supported by a set of mandatory Financial Procedures which provide more detailed direction on the arrangements to be complied with.

#### **4. Compliance**

- 4.1 These Regulations, and the Financial Procedures, apply to every member and officer of the Council and to anyone acting on its behalf. Failure to comply may constitute misconduct and lead to formal disciplinary action.
- 4.2 All Council members and officers have a general responsibility for taking reasonable action to provide for the security of assets under their control and for ensuring that the use of these resources is legal, properly authorised, and achieves value for money. In doing so, proper consideration must be given at all times to matters of probity and propriety in managing the assets, income and expenditure of the Council.

#### **5. Maintaining the regulations**

- 5.1 The Executive Director of Finance & Resources is responsible for:
  - a. Maintaining and updating these Regulations and the Schedule of Financial Authority to Officers.
  - b. Ensuring that any revisions affecting the powers of Members are approved by the Council on the recommendation of the Cabinet Member for Finance, Property and Regeneration.
  - c. Reviewing and reissuing the Financial Procedures as necessary to support the effective operation of these Regulations.

### ***Part B: Financial Management Roles and Responsibilities***

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#### **1. Principles**

- 1.1 A transparent framework of financial management responsibilities and decision making is essential to the effective management of the Council's financial affairs.
- 1.2 All members and officers have a common duty to abide by the highest standards of integrity and propriety when making decisions about the use of public monies.

#### **2. Members**

- 2.1 Members' responsibilities for the overall management of the Council's financial affairs are exercised through:
  - a. **Full Council**, which is responsible for approving the Council's overall policy framework and the budget within which the executive operates, setting

Prudential Indicators for capital finance and treasury management, setting limits for budget virements, and approving the Council's treasury management and investment strategies.

- b. **The Cabinet**, which is responsible for proposing the policy framework and budget to the Council and for discharging executive functions in accordance with it. Executive decisions can be delegated to a committee of the Cabinet, or by the Leader to an individual Cabinet Member or an officer.
- c. **Audit and Performance Committee**, which is responsible for maintaining a continuous review of the Council's regulatory framework, approving the Annual Statement of Accounts for publication, and oversight of audit and anti-fraud activity.
- d. **Policy and Scrutiny Committees**, which oversee the budget process including its implementation.
- e. **Pension Fund Committee**, which is responsible for the management of the Council's Pension Fund.

### **3. *The Executive Director of Finance & Resources***

3.1 The Executive Director of Finance & Resources has statutory and delegated duties in relation to the financial administration and stewardship of the Council. The statutory responsibilities cannot be overridden and arise from:

- Section 151 of the Local Government Act 1972
- The Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Accounts and Audit Regulations 2015
- The Local Government Pension Scheme Regulations 2013
- The Local Government Pension Scheme Regulations (Management and Investment of Funds) 2016
- Public Service Pensions Act 2013
- The Local Authorities Goods and Services Acts 1970
- The Local Government Acts 2000 and 2003
- The Localism Act 2011

3.2 Responsibilities of the Executive Director of Finance & Resources include:

- a. The proper administration of the Council's financial affairs including all arrangements concerning financial planning, financial control, accounting, taxation, income, debt management, insurance, investments, banking, bonds, loans, leasing, borrowing, trust and pension funds, and the payment of creditors, salaries, wages and pensions.
- b. Determining the contents of Financial Procedures and ensuring compliance with these and Financial Regulations.
- c. Preparing the annual Revenue Budget, and reporting to the Council on the robustness of the estimates and the adequacy of reserves.
- d. Preparing the annual Capital Programme, ensuring effective forward planning and sound financial management in its compilation.

- e. Ensuring that accurate and timely financial information is available to enable effective budget monitoring and reporting, and taking action if overspends or shortfalls in income emerge.
- f. Reporting to full Council if it is likely that any proposed action or decision will lead to unbudgeted or unlawful expenditure or activity.
- g. Advising on the systems of internal control necessary for sound financial management and decision making, and to ensure that public funds are properly safeguarded and used economically, efficiently, and effectively.
- h. Maintaining an adequate and effective internal audit function and an effective anti-fraud and corruption strategy.
- i. Preparing the Council's risk management strategy and advising on the management of strategic, financial and operational risks.
- j. Determining the accounting procedures and records for the Council and ensuring that they are applied consistently.
- k. Preparing the Council's annual statement of accounts and governance statement in accordance with all applicable codes of practice on local authority accounting.
- l. Preparing and implementing an effective treasury management strategy, and effecting all investments and borrowings within the limits imposed by the Council.
- m. Advising on, monitoring and reporting on performance in relation to Prudential Indicators set by the Council for capital expenditure, external debt and treasury management.
- n. Management of pension fund investments and preparing and submitting a triennial Funding Strategy Statement and Investment Strategy Statement to the Pension Fund Committee for approval.
- o. Ensuring that effective asset management arrangements are in place.
- p. Advising on the risks and financial implications associated with joint working, external funding and trading opportunities.

3.3 The Executive Director of Finance & Resources may allocate his/her day-to-day responsibilities to an appropriate representative in accordance with the Scheme of Delegated Authority to Officers and the Schedule of Financial Authority to Officers.

#### **4. Budget Managers**

4.1 Whilst the Executive Director of Finance & Resources has overall responsibility for the finances of the Council, budget managers are responsible for the day-to-day management of their respective Unit's finances. Their responsibilities in relation to financial management include:

- a. Promoting and ensuring compliance with these Regulations and associated Financial Procedures, and taking corrective action in the event of any non-compliance.
- b. Preparing annual Revenue Budget estimates and Capital Programme estimates in accordance with the guidance issued by Cabinet and the Executive Director of Finance & Resources.

- c. Ensuring that the financial implications of all proposals are properly reflected within all decision making reports and that these have been agreed with the Executive Director of Finance & Resources or his/her nominated representative.
- d. Managing service delivery and containing expenditure within the agreed revenue and capital budgets.
- e. Maintaining sound systems of internal control and implementing agreed internal and external audit recommendations.
- f. Complying with the Council's anti-fraud and corruption strategy and reporting suspected fraud and financial irregularities to internal audit for investigation.
- g. Complying with the Council's risk management strategy and notifying the Executive Director of Finance & Resources immediately of significant risks to the Council's financial position.
- h. Ensuring that all financial transactions are recorded through the main accounting system.
- i. Ensuring that the controls framework of the Council's ERP system is followed at all times and necessary steps are taken to ensure their unit complies with this framework
- j. Assisting cash flow through timely billing of income due, monitoring income received and taking appropriate action in the event of non-payment.
- k. Assisting cash flow through minimising advance payments wherever possible.
- l. Ensuring that all expenditure incurred complies with the requirements of the procurement code and has the necessary budgetary approval.
- m. Controlling resources and containing staff numbers within approved establishment and budget levels and ensuring that all employee appointments and payments are properly authorised in compliance with the Council's policies.
- n. Ensuring the proper security and safe custody of all assets under their control.
- o. Ensuring that the risks and financial implications associated with joint working, external funding and trading opportunities are properly evaluated, and that no such arrangements are entered into without the necessary approvals.
- p. Ensuring that financial authorities are operated in accordance with the limits contained within the Schedule of Financial Authority to Officers, and that a written record of authorised officers is maintained.

## **5. All Officers**

5.1 In addition to the specific responsibilities set out above the Council expects all officers to:

- a. Act in good faith, impartially and in accordance with their positions of trust.
- b. Exercise due care in relation to all resources, assets, income and expenditure within their care or control.

- c. Ensure that proper records and documentation are maintained of the Council's assets and financial transactions.
- d. Comply with these Regulations, the associated Financial Procedures and any additional guidance issued to ensure the effective control of the Council's resources.
- e. Co-operate in audits of the Council's financial systems.
- f. Report any suspected financial irregularities for investigation.
- g. Ensure they comply with the Council's ERP system control framework and policies.

## ***Part C: Financial Planning and Budgeting***

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### **1. Principles**

- 1.1 The purpose of financial planning is to set out and communicate the Council's objectives, resource allocations and related performance targets, and to provide an agreed basis for subsequent management control, accountability and reporting.
- 1.2 Budgets are needed so that the Council can plan, authorise, monitor and control the way money is allocated and spent. It is unlawful for the Council to budget for a deficit.
- 1.3 The Council's budget sets agreed parameters around the annual activities and functions of Units and their services and is constructed within the context of a medium term financial plan. It reflects the priorities of the Council.
- 1.4 The Capital Programme sets out the resource allocations to be made to capital schemes that have the approval of Council. Capital expenditure involves acquiring or enhancing fixed assets with a long term value to the organisation, such as land, buildings, major items of plant, equipment and vehicles.
- 1.5 To enable members to make informed decisions, all Cabinet and Committee reports must incorporate a separate section on 'financial implications', which will be prepared by the Executive Director of Finance & Resources's Department. Reports must show the costs or savings of proposals, together with any approved budget provision, future commitments, potential risks, tax implications, and any other financial consequences which may arise from the options and recommendations.

### **2. Revenue Budget**

- 2.1 The Executive Director of Finance & Resources is responsible for:
  - a. Ensuring that an annual Revenue Budget and Council Tax Report is prepared in the context of a medium term financial plan for consideration by Cabinet and approval by Council.
  - b. Maintaining a financial planning and resource allocation process that properly reflects the Council's policy framework and strategic objectives.

- c. Advising the Cabinet on the format of the budget and its responsibility for issuing guidance on budget preparation taking due account of:
  - legal requirements
  - medium-term planning prospects
  - the corporate strategy and Council priorities
  - available resources
  - spending pressures
  - government initiatives and public policy requirements
  - internal policy directives
- d. Advising the Council on the budget proposals in accordance with his/her responsibilities under S151 of the Local Government Act 1972.
- e. Advising the Cabinet and Council on a prudent level of reserves for budget purposes, and ensuring any appropriate contingency provisions are maintained.
- f. Considering and approving or rejecting requests for the creation of earmarked reserves.
- g. Approving or rejecting transfers to or from reserves, or the re-designation of existing reserves.
- h. Undertaking the statutory consultation with NNDR payers.
- i. Issuing detailed procedures on the preparation of Revenue Budget estimates.

2.2 Budget managers are responsible for:

- a. Preparing annual Revenue Budget estimates in accordance with the guidance issued by Cabinet and the detailed procedures issued by the Executive Director of Finance & Resources, ensuring that these reflect agreed priorities, and advising Cabinet Members on service implications.
- b. Establishing detailed budgets for each service area in advance of the financial year and requiring such budgets to be managed by responsible named budget managers.
- c. Integrating financial and budget plans with service planning.
- d. Ensuring that any approved withdrawals from reserves are applied for their intended purposes.

**3. Capital Programme**

- 3.1 No expenditure may be incurred on a capital project unless it has been approved by the Cabinet Member, other than in accordance with any exceptions set out in the Schedule of Financial Authority to Officers. Any slippage between years must be reported at the monthly Capital Review Group meeting and approved by the relevant Cabinet Member. Any forecasted overspends must be contained within the overall Capital Programme and reported to the Capital Review Group. Variations to the approved budgets for capital schemes must be approved by the Cabinet Member in accordance with the limits set out in the Schedule of Financial Authority to Officers.

- 3.2 The Capital Review Group is chaired by the Cabinet Member for Finance, Property and Regeneration supported by the Executive Director of Finance & Resources. The Executive Director of Finance & Resources is responsible for producing the agenda for the Capital Review Group meeting and co-ordinating attendees. The meeting is attended by relevant Cabinet members and Executive Directors or their representative where projects fall within their portfolio. This group meets monthly and is responsible for:
- a. The strategic development of the Council's capital programme and capital strategy in accordance with the Council's Objectives as set out in City for All.
  - b. To consider any proposal for the use of capital against Council's priorities.
  - c. To review potential risk and Value for Money issues on any proposal for the use of capital.
  - d. To agree any programme of capital spend within the confines of Council agreed financing.
  - e. To provide a forum for establishing and providing robust challenge and debate around the capital programme.
  - f. To monitor the performance of projects and programmes within the Council's Capital Programme.
  - g. To set out a programme of annual capital receipts and to monitor progress in achieving those receipts.
  - h. To ensure that investments in projects are backed up with a rigorous business case that is updated and developed at key stages over the project life.
- 3.2 All Development (as per the General Fund Capital Programme) and regeneration (as per the HRA business plan) projects of £10m and over will have to produce the following three business cases:
- a. Strategic Outline Case
  - b. Outline Business Case
  - c. Full Business Case
- 3.3 If appropriate, projects under £10m may submit a Business Justification Case only, however, this will be dependent on the other criteria and factors (see below). The list below is not exhaustive and whether a project can just submit a Business Justification Case will be reviewed on a case by case basis and agreed by senior officers, members and the Project Management Office (PMO). The factors include:
- a. Level of Resident engagement required
  - b. Political sensitivities
  - c. Strategic aims of the project
  - d. Historical context of the project

3.4 As part of the capital budget setting process, all schemes in the capital programme have to have a Capital Programme Submission Request Form (CPSR). The purpose of the CPSR forms are to justify individual schemes requiring a capital budget and ensuring that they are in line with the Council's aims and objectives. The CPSR forms are based on the PMO's prioritisation framework:

- a. Strategic fit
- b. Financial
- c. Legislative and Compliance
- d. Indirect Need
- c. Risks

Each section is scored by the budget manager and scores are then moderated by a panel which is led by the PMO. The Prioritisation Panel will make the final decision on which projects should be included in the capital programme.

3.3 The Executive Director of Finance & Resources is responsible for:

- a. Ensuring that a five-year rolling Capital Programme is prepared on an annual basis for consideration by the Capital Review Group, and approved by Cabinet and Council. This is supported by a further indicative ten-year plan.
- b. Issuing strategic guidance on budget preparation, and issuing detailed guidelines which take account of legal, regulatory and code of practice requirements, medium-term planning prospects, affordability and whole life costing.
- c. Ensuring that the revenue implications of the programme are contained within the Revenue Budget and medium term financial plan.
- d. Ensuring that all schemes relying on the use of Prudential borrowing powers are properly appraised and provide value for money.
- e. Reporting to Cabinet on the overall position and the availability of resources to support the Capital Programme.
- f. Issuing procedures on the preparation of capital budget estimates.
- g. Ensuring that sources of funding (general fund, capital grants, self-financing etc) are identified for the entire programme.
- h. Ensuring that any schemes requiring in year approval (outside of the annual capital programme) are reviewed by the Capital Review Group and approved by the relevant cabinet member – in line with the Scheme of Financial Authority.
- i. Ensuring the Capital Programme includes a contingency for in year approval of schemes and the Capital Review Group approves the use of any contingency. This is so to ensure that the overall affordability of the programme is maintained, in line with the scheme of delegation.
- j. Maintaining a record of the current capital budget and expenditure on the Council's financial systems, and ensuring compliance with financial reporting standards.
- k. Reporting to Cabinet and the Capital Review Group on the performance

against the Capital Programme and budget as well as reporting to the Audit and Performance Committee and Policy and Scrutiny Committee as required.

- l. Ensuring that governance arrangements are in place via the Capital Review Group meeting to review proposed changes to the Capital Programme for approval by the Cabinet Member.
- m. Ensuring the Council's annual disposals programme is approved by Cabinet.
- n. Ensuring the Capital Review Group is updated on the progress of the disposals programme.

### 3.3 Budget managers are responsible for:

- a. Complying with the guidance issued by the Executive Director of Finance & Resources regarding preparation of the Capital Programme.
- b. Ensuring all General Fund capital schemes and schemes included in the Housing Revenue Account asset management are properly appraised with rigorous business cases documented in line with HM Treasury Green Book guidance and in line with the requirements set out in the capital strategy. In addition projects should be supported by project plans, funding strategies, risk register and benefit realisation plans as appropriate.
- c. Undertaking robust financial management of schemes on a day to day basis and ensuring the scheme constitutes value for money.
- d. Undertaking an annual review of their schemes within the Capital Programme and consequential revenue expenditure, for inclusion in the medium term financial plan.
- e. With the exception of approved spend within the Housing Revenue Account, ensuring that no expenditure is incurred on a capital project prior to its agreed inclusion within the Capital Programme and until a financial report has been approved by the Cabinet Member in accordance with the limits set out in the Scheme of Delegated Authority to Officers.
- f. Monitoring and reporting on a monthly basis on capital expenditure and receipts against approved capital budgets, on project slippage and variations, on additions/deletions, and on any changes in projected expenditure, for the Capital Review Group, or for the Cabinet Member in the case of the Housing Revenue Account.
- g. Ensuring that all allocated spend is authorised via in accordance with the Schedule of Financial Authority to Officers
- h. Reporting to the Cabinet if proposed sources of funding are not secured.
- i. Ensuring that adequate records and audit trails are maintained in respect of all capital contracts.
- j. Complying with the requirements of Capital Review Group for business case sign off, progress updates and providing specific information in relation to a scheme when requested. As only Cabinet Member and Cabinet reports can be approved formally, all business cases must be submitted with a cover report and CRG should recommend approval to members who can sign off the report.

- k. Submitting contingency draw down reports. All projects will include a capital contingency of 20%. The Executive Director of Finance & Resources will hold 15% of this centrally. Should centrally held contingency need to be drawn down, a Cabinet Member or Cabinet Report will need to be submitted and reviewed by CRG.

3.6 The council's Project Management Office will have the responsibility of managing the progress individual projects and ensuring the quality assurance of reports and business cases. Further information can be found in the programme management handbook.

#### **4. 4. *Financial Implications of Decisions***

4.1 The Executive Director of Finance & Resources is responsible for:

- a. Issuing guidance in relation to the presentation of financial implications within the Council's decision making processes.
- b. Ensuring the adequacy of the financial implications information presented within individual decision making reports and appropriate sign-off.

4.2 Managers are responsible for:

- a. Ensuring that all decision making reports properly set out the financial implications of the proposed actions, through the provision of adequate information to Finance to allow this section to be prepared.
- b. Ensuring they act in accordance with guidance issued by the Executive Director of Finance & Resources.
- c. Arranging for all financial implications to be validated and formally signed off by the Executive Director of Finance & Resources, or his/her nominated representative, prior to their progression through the approval process.
- d. Consulting with relevant parties where there may be financial implications for other Cabinet Members, Committees or Units

### ***Part D: Financial Monitoring and Control***

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#### **1. *Principles***

1.1 To ensure the Council does not exceed its overall budget, each service area is required to manage its own income and expenditure within the cash limited budgets allocated to them to be spent on agreed service activities and functions. The Council's approval of the revenue estimates constitutes authority to incur expenditure, subject to compliance with the approved policies and regulations of the Council and any other limitation that may be imposed.

1.2 Any forecasted revenue overspends or income shortfalls should be mitigated through a compensating underspend or overachievement of income elsewhere. Any underspend cannot be carried forward from one year to the next without the approval of the Executive Director of Finance & Resources, and should generally

be restricted to specific items of a 'one off' nature where monies will be spent for an identified purpose in the following financial year.

- 1.3 The term virement refers to transfers of budgets between or within cost centres. Virements may only be used in the very specific circumstances set out in the Regulations and the Schedule of Financial Authority to Officers.

## **2. Control of Revenue Budgets**

2.1 The Executive Director of Finance & Resources is responsible for:

- a. Maintaining a robust framework of budget management and control that ensures that:
  - Budget management is exercised within annual cash limits and the medium term financial plan.
  - Revenue expenditure is recorded on the Council's financial systems in accordance with legal, regulatory and code of practice requirements.
  - Accurate and timely information is available to managers and budget holders that enables budgets to be monitored and controlled effectively.
  - All officers responsible for committing expenditure comply with these Regulations.
  - Each cost centre is allocated to a named budget manager determined by the relevant service manager.
  - Significant variances from budget are investigated and reported by budget managers on a regular basis.
- b. Monitoring and controlling income and expenditure against budget allocations at a Council-wide level.
- c. Reporting regularly to the Cabinet, Audit and Performance Committee and Policy and Scrutiny Committee on performance against budget, delivery of savings programmes and available reserves.

2.2 Budget managers are responsible for:

- a. Ensuring that effective budgetary control arrangements exist and are observed within their respective Units in compliance with these Regulations.
- b. Ensuring spending remains within the relevant cash limits by controlling income and expenditure, monitoring performance and taking corrective action where variations from budget are forecast.
- c. Ensuring that expenditure is coded correctly and committed only against approved budget lines.
- d. Forecasting accurately on a monthly basis throughout the financial year; regularly reporting performance, variances, and forecasts to the Executive Director of Finance & Resources, Cabinet, and as required to the Policy and Scrutiny Committee, and Audit and Performance Committee.
- e. Ensuring any risks or issues relating to over or underspends within their areas are escalated to Finance on a timely basis.

### **3. Virements**

- 3.1 The Executive Director of Finance & Resources is responsible for:
- a. Controlling and administering the virement mechanism in accordance with guidance and limits set by Council. As a general rule, revenue virement is only permissible in the following circumstances:
    - to correct any errors made in the initial loading of the budget onto the main accounting system
    - to reflect a structural reorganisation
    - to distribute centrally held budgets, e.g. savings targets and inflation provisions to reflect major changes in policy, subject to appropriate approval
    - to reflect receipt of additional grant or other funding
    - to reflect technical adjustments at the discretion of the Executive Director of Finance & Resources
    - to reflect any changes in corporate priorities
    - to reflect adjustments required in the use of earmarked reserves
  - b. Recording approved virements in the Council's financial systems and reflecting the impact of these in regular monitoring reports to Cabinet and the Audit and Performance Committee.
- 3.2 Budget Managers are responsible for:
- a. Ensuring all proposed virements comply with the limits and approval requirements set out in the Schedule of Financial Authority to Officers.
  - b. Notifying all proposed virements in writing to the Executive Director of Finance & Resources or his/her representative.
  - c. Ensuring that virements are correctly identified as either permanent or temporary (in year) adjustments.

## ***Part E: Internal Control and Audit***

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### **1. Principles**

- 1.1 Sound systems of internal control are essential to the proper economic, efficient and effective use of resources, the achievement of objectives, and the safeguarding of public funds.
- 1.2 Legislation requires that the Council provides for both internal and external audit. External audit provides an independent assessment of the Council's financial statements and the adequacy of its arrangements for securing value for money. Internal audit evaluates and reports on the adequacy of the Council's internal control systems in securing the proper, economic, efficient and effective use of resources.

- 1.3 There is a basic expectation that members and all officers will act with integrity and with due regard to matters of probity and propriety, and comply with all relevant rules, regulations, procedures and codes of conduct, including those in relation to receipt of gifts and hospitality and declaration of conflicts of interest.
- 1.4 The Council will not tolerate fraud or corruption in the administration of its responsibilities, whether perpetrated by members, officers, customers of its services, third party organisations contracting with it, or other agencies or individuals with which it has any business dealings.
- 1.5 Risk management is an integral part of effective management and planning. It is concerned with identifying and managing key obstacles to the achievement of objectives.

## **2. *Internal Control***

- 2.1 The Executive Director of Finance & Resources is responsible for:
  - a. Advising on effective systems of internal control to ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with statutory and other authorities that govern their use.
  - b. Conducting an annual review of the effectiveness of the system of internal control and publishing the results of this within the Council's Annual Governance Statement.
- 2.2 Budget Managers are responsible for:
  - a. Complying with the controls set down in these Regulations and the Financial Procedures.
  - b. Taking corrective action in respect of any non-compliance by staff with relevant rules, regulations, procedures and codes of conduct.
  - c. Implementing effective systems of internal control including adequate separation of duties, clear authorisation levels, and appropriate arrangements for supervision and performance monitoring.
  - d. Planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their objectives, standards and targets.

## **3. *Internal and External Audit***

- 3.1 The Executive Director of Finance & Resources is responsible for:
  - a. Maintaining an adequate and effective internal audit service in accordance with the Accounts and Audit Regulations.
  - b. Ensuring that the statutory requirements for external audit are complied with and that the external auditor is able to effectively scrutinise the Council's records.
  - c. Ensuring that audit plans and results are reported to the Audit and Performance Committee.

- 3.2 Budget Managers are responsible for:
- a. Ensuring that the appointed auditors have access to all documents and records for the purposes of the audit and are afforded all facilities, cooperation and explanation deemed necessary.
  - b. Cooperating in the production of annual audit plans by highlighting any areas of risk that may benefit from audit review.
  - c. Implementing audit recommendations within agreed timescales.

#### **4. Preventing Fraud and Corruption**

- 4.1 The Executive Director of Finance & Resources is responsible for:
- a. Developing and maintaining an anti-fraud and corruption strategy that stipulates the arrangements to be followed for preventing, detecting, reporting and investigating suspected fraud and irregularity.
  - b. Advising on the controls required for fraud prevention and detection.
  - c. Appointing a Money Laundering Reporting Officer and Deputy to ensure that systems are in place to counter opportunities for money laundering and that appropriate reports are made.
- 4.2 Budget Managers are responsible for:
- a. Complying with the Council's anti-fraud and corruption strategy.
  - b. Ensuring that there are sound systems of internal control within their Units for fraud prevention and detection.
  - c. Ensuring they follow all controls policies and regulations to minimise fraud and taking all necessary action with their staff if fraud is suspected.
  - d. Reporting cases of suspected fraud or irregularity to internal audit for investigation, and complying with the Council's whistleblowing policy.
  - e. Implementing audit recommendations within agreed timescales.
  - f. Reporting any vulnerabilities or suspicions of money laundering in accordance with guidance issued by the Money Laundering Reporting Officer.

#### **5. Risk Management**

- 5.1 The Executive Director of Finance & Resources is responsible for preparing the Council's risk management strategy and advising on the management of strategic, financial and operational risks.
- 5.2 Budget Managers are responsible for:
- a. Implementing the Council's risk management strategy.
  - b. Integrating risk management within business planning and performance management arrangements.
  - c. Mitigating, monitoring and reporting on risks.
  - d. Maintaining and testing business continuity plans.

### **1. Principles**

1.1 Good systems and procedures are essential to the effective management and administration of the Council's financial affairs. This includes:

- **Accounting:** The main accounting system provides the prime source of financial data for management accounts, statutory accounts and government returns. It is essential that this system complies with legislation and proper accounting practice and that all information is recorded accurately, completely and in a timely manner, and that any errors are detected promptly and rectified.
- **Income:** Effective systems are necessary to ensure that all income due is collected, receipted, recorded and banked properly. Where possible income should be collected in advance to improve cash flow and avoid costs of debt collection. Debts should only be written off once all reasonable avenues have been exhausted or where it would prove uneconomical to pursue.
- **Expenditure:** Expenditure may only be incurred where budgetary provision is available and must comply with the Council's procurement rules and approved payment processes. Purchase orders must be raised to ensure that the expenditure is recorded as a commitment in the Council's main accounting system.
- **Banking:** All transactions through the Council's bank accounts must be properly processed, recorded and reconciled.
- **Treasury management:** Proper processes must be maintained for the investment of cash balances and for borrowing to fund the Capital Programme, ensuring compliance with the authorised annual Treasury Management Strategy Statement.
- **Taxation:** Effective systems must be in place to ensure that all tax liabilities and obligations are properly reported and accounted for and that losses, fines and penalties avoided.
- **Asset management:** The Council's assets must be properly recorded, safeguarded from loss/harm and utilised effectively, and any disposals undertaken in a controlled manner.
- **Insurance:** Appropriate insurance cover is necessary to protect the Council from financial claims arising from unforeseen events such as damage to property or injury to employees or to the public.
- **Recharges and internal trading accounts:** The Council is required to allocate all of its back-office costs to service areas in compliance with accounting codes of practice

### **2. Principles**

2.1 The Executive Director of Finance & Resources is responsible for:

- a. Determining the Council's main accounting system for the preparation of the Council's accounts and for monitoring all income and expenditure.

- b. Determining any financial systems which may sit outside of the main accounting system, and ensuring that these are sound and properly integrated and interfaced.
- c. Issuing guidance on the use and maintenance of the main accounting system and related financial systems, and ensuring that supporting records and documents are retained.
- d. Ensuring that regular balance sheet and holding account reconciliations are undertaken.
- e. Preparing the Council's consolidated accounts, balance sheet and governance statement for audit and publication, and issuing guidance (including a detailed timetable and plan) to ensure achievement of statutory deadline.

2.2 Budget Managers are responsible for:

- a. Ensuring that the main accounting system is used to accurately record financial transactions in accordance with guidance issued by the Executive Director of Finance & Resources.
- b. Ensuring an adequate audit trail of financial information and compliance with the Council's policies in respect of the retention of documents.
- c. Ensuring that the implementation of any Unit financial system has the express approval of the Executive Director of Finance & Resources, and is adequately documented, tested and interfaced with the main accounting system.
- d. Complying with the timetables required by the Executive Director of Finance & Resources to enable the production of consolidated accounts, budgets and statutory information.

**3. Income**

3.1 The Executive Director of Finance & Resources is responsible for:

- a. Administering all invoicing, credit notes, income collection and debt recovery or, where local arrangements for such have been agreed, approving all procedures, systems and documentation used.
- b. Ensuring that claims for Government grants and other monies are made properly and promptly.
- c. Ensuring that all monies received are properly receipted and recorded and banked promptly.
- d. Administering the process for writing off irrecoverable debts, and monitoring and reporting on write off levels.
- e. Recommending and implementing the Council's debt management policy.

3.2 Budget Managers are responsible for:

- a. Ensuring that fees and charges for services are reviewed at least annually, consulting with the Executive Director of Finance & Resources and Cabinet Members on the financial effect of the review, and obtaining Cabinet Member approval to any proposal to introduce new charges.
- b. Collecting payment at point of sale wherever possible to improve cash flow.

- c. Timely initiation of 'sales orders' in respect of all fees and charges due.
- d. Administering any local systems for invoicing, income collection and debt recovery as directed by the Executive Director of Finance & Resources.
- e. Providing operational data and information to ensure that claims for Government grants and other monies are made properly and promptly.
- f. Authorising the write off of irrecoverable debts on the recommendation of the Executive Director of Finance & Resources and subject to the requirements set out in the Schedule of Financial Authority to Officers.

#### **4. Expenditure - Procurement**

4.1 The Executive Director of Finance & Resources is responsible for:

- a. Issuing guidance on the ordering, certification and payment for all works, goods and services, subject to the provisions of the procurement code.
- b. Processing all payments due on receipt of a valid invoice or contract certificate which satisfies VAT regulations, and confirmation that works, goods and services have been received.
- c. Agreeing any exceptions to the requirement to raise purchase orders for all works, goods and services.
- d. Administering procurement cards and credit cards and processing payments.
- e. Agreeing the use of any pre-loaded payment cards.
- f. Ensuring that an effective procurement code is in place.

4.2 Budget Managers are responsible for:

- a. Ensuring that all purchase orders are raised using the Council's financial system, for all works, goods and services other than:
  - purchases appropriately made through petty cash, procurement card or credit card
  - continuous charges for utilities supplies, or periodic payments such as rents or rates, and treasury management payments
  - expenditure incurred on the Housing Revenue Account
- b. any other exceptions agreed with the Executive Director of Finance & Resources Ensuring that no purchase orders are placed without the proper approvals and financial authorities set out in the Schedule of Financial Authority to Officers and the procurement code.
- c. Receipting all works, goods and services on the financial system.
- d. Ensuring the proper completion and authorisation of payment certification vouchers, including confirming that the invoice has not previously been paid.
- e. Ensuring that payments are made only where works, goods and services have been received to the correct price, quantity and quality standards.
- f. Complying with the requirements of the Council's procurement code.
- g. Ensuring that all procurement and credit cards are appropriately controlled, and that all expenses and other transactions are reviewed and authorised by the relevant line manager, are for proper business purposes, are supported by receipts, and are compliant with any other restrictions in force.

- h. Ensuring that the transactions recorded on procurement or pre-paid cards is properly recorded on the Council's primary finance system.
- i. Complying with approval limits set out in the Schedule of Financial Authority to Officers and any further limitations set out within the procurement code.

4.3 Other responsibilities:

- a. Chief Officers are empowered to expend from within their allocated service budget expenditure up to the amount set out in the Schedule of Financial Authority to Officers in any single case where the Chief Officer is of the view that a finding of maladministration with injustice is likely to be found by the Local Government Ombudsman.
- b. In circumstances where compensation is above the amount set out in the Schedule of Financial Authority to Officers, the committee authority is required.

**5. Expenditure - Payroll**

5.1 The Executive Director of Finance & Resources is responsible for making emergency payments to staff in extremis and where practicable, such as in the case of payroll failure.

5.2 The Director of Human Resources is responsible for:

- a. Operating sound arrangements for the payment of salaries, pensions and expenses to officers and in accordance with the Members Allowances Scheme administered by the Head of Legal and Democratic Services.
- b. Providing a corporate payroll system for recording all payroll data and generating payments to employees and members, including payment of pensions and expenses.
- c. The proper calculation of all pay and allowances, National Insurance and pension contributions, income tax and other deductions.
- d. Completing all HMRC returns regarding PAYE and providing advice and guidance on employment related taxation.
- e. Maintaining an accurate and up to date record of the Council's establishment.

5.3 Budget Managers are responsible for:

- a. Controlling resources and containing staff numbers within approved establishment and budget levels.
- b. Ensuring that all employee appointments, including temporary staff, are made in compliance with the Council's policies.
- c. Ensuring that the Hampshire Integrated Business Centre is notified promptly of starters and leavers, and all information relating to employees' pay and expenses.
- d. Ensuring that all payments made to employees are properly authorised in compliance with the requirements and financial limits set out in Council's human resources policies.

- e. Ensuring that for expenses, managers review their audit samples of expense claims, validate that there are appropriate receipts in place, and make these available for audit as and when required.
- f. Ensuring that all persons employed by the Council are paid through the Council's payroll, other than where the Director of Human Resources has agreed that the individual is bona fide self-employed or employed by a recognised agency.
- g. Ensuring that all temporary employees are appropriately recorded as per IR35 regulations.

## **6. Expenditure - Banking**

6.1 The Executive Director of Finance & Resources is responsible for:

- a. Managing and operating all the Council's bank accounts and ensuring that all payment methods, whether physical (e.g. cheques) or electronic, have the appropriate authorisations, approvals and signatures.
- b. Ensuring that adequate controls are in place for the control of payment methods (including cheques) covering access, ordering, custody, preparation, signing and despatch as appropriate.
- c. Ensuring regular reconciliations are carried out between all bank accounts and the financial records of the Council.
- d. Approving the operation of any local cash or bank imprest accounts.

6.2 Budget Managers are responsible for:

- a. Ensuring that no bank accounts are opened in the name of the Council other than with the express written authority of the Executive Director of Finance & Resources.
- b. Reporting to the Executive Director of Finance & Resources on the nature and state of any bank accounts for which they are responsible.
- c. The proper administration of any local cash or bank imprest accounts including record keeping, document retention, paying in income, reconciliation and control of cheques including ordering, custody, preparation, signing and despatch.

## **7. Treasury Management**

7.1 The Executive Director of Finance & Resources is responsible for:

- a. Preparing and presenting an annual Treasury Management Strategy Statement to Cabinet prior to submission to the Council for approval.
- b. Implementing, reviewing and reporting on the progress and outturn performance of the strategy and recommending any changes.
- c. Preparing and maintaining a Treasury Management Policy Statement, stating the policies, objectives and approach to risk management of its treasury management activities.
- d. Preparing and maintaining suitable Treasury Management Practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage

and control those activities.

The content of the Treasury Management Policy Statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the CIPFA Treasury Management in the Public Services Code of Practice (the Code), subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the Code's key principles.

- e. Ensuring that the organisation (i.e. Full Council) receives reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual outturn report after its close, in the form prescribed in its TMPs.
- f. Effecting all investments and arranging borrowings within the limits imposed by the Council and reporting on the funding methods used.
- g. Approving the use of any finance leases.
- h. Ensuring that the use of any financial derivatives is intra vires and properly risk assessed and monitored.
- i. Ensuring compliance with all applicable laws, regulations and codes of practice relating to treasury management and capital finance.
- j. Ensuring that cash flow forecasting and monitoring systems are in place.
- k. Maintaining and authorising any amendments to the approved counterparty list.

#### 7.2 Budget Managers are responsible for:

- a. Assisting cash flow through timely billing of income owing, due consideration of contracts payment terms and minimising advance payments wherever possible.
- b. Supporting cash flow forecasting and notifying the Treasury Team in advance of any high value receipts or payments that may impact on investments and borrowings.
- c. Ensuring that no finance leases or borrowings are entered into without the approval of the Executive Director of Finance & Resources.

#### 7.3 Other responsibilities:

- a. This organisation delegates responsibility for the implementation and regular monitoring of its treasury management policies, strategies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Executive Director of Finance & Resources, who will act in accordance with the organisation's policy statement, strategy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
- b. This organisation nominates the Housing, Finance and Customer Services Committee to be responsible for ensuring the effective scrutiny of the treasury management strategy and policies.

## **8. Taxation**

- 8.1 The Executive Director of Finance & Resources is responsible for:
- a. Ensuring that transactions comply with relevant statutory requirements and authorities.
  - b. Completing a monthly return of VAT inputs and outputs to HMRC, ensuring prompt recovery of sums due, and reconciliation of tax records to the main accounting system.
  - c. Making monthly Construction Industry Scheme (CIS) returns to HMRC.
  - d. Managing the Council's partial exemption position.
  - e. Preparing and submitting Voluntary Disclosure Notices to HMRC and recovery of any revenues due.
  - f. Providing advice and guidance on taxation issues.
  - g. Maintaining and updating the Council's VAT manual.
- 8.2 Budget Managers are responsible for:
- a. Ensuring that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HMRC regulations.
  - b. Seeking advice on the potential tax implication of any new initiatives for the delivery of Council activity and services.
  - c. Ensuring that the taxation implications of proposed land and building acquisitions and sales are properly identified and considered at the planning stage.
  - d. Where construction and maintenance works are undertaken, ensuring that the contractor fulfils the necessary construction industry scheme deduction requirements.
  - e. Adhering to all aspects of the Council's VAT manual.

## **9. Asset Management**

- 9.1 The Executive Director of Finance & Resources is responsible for:
- a. Ensuring that asset registers are maintained in the appropriate format for accounting purposes for all fixed assets valued in excess of the limit set out in the Schedule of Financial Authority to Officers, and that valuations are made in accordance with the local authority accounting code of practice.
  - b. Ensuring that the Executive Director for Growth, Planning and Housing puts in place an asset management plan that details short, medium and long term use of assets, and establishes arrangements for monitoring and reporting asset performance.
  - c. Ensuring that all asset acquisitions and disposals are properly recorded and comply with the disposal policy and investment strategy.
  - d. Prescribing the records to be maintained for any stocks and stores and for inventories of moveable assets.
  - e. Approving the write off of deficiencies in any stocks, stores and inventory items subject to the limits set out in the Schedule of Financial Authority to Officers.

- 9.2 The Executive Director for Growth, Planning and Housing is responsible for:
- a. Maintaining up to date records of all land and buildings, including values, for inclusion in the corporate fixed asset register, and of the Council's housing stock in the format prescribed by the Executive Director of Finance & Resources.
  - b. Arranging for the regular valuation of assets for accounting purposes to meet the requirements specified by the Executive Director of Finance & Resources.
  - c. Establishing an asset management plan that details short, medium and long term use of assets, and monitoring and reporting on performance.
  - d. Arranging the disposal of surplus assets in compliance with the disposal policy, or approved Housing Revenue Account asset management strategy, and subject to the necessary approvals.
  - e. The acquisition of land and buildings on behalf of the Council in accordance with the asset management plan, Capital Programme and medium term financial plan, and subject to the necessary approvals.
  - f. Notifying the Executive Director of Finance & Resources of acquisitions and disposals so that the accounting records can be updated.

- 9.3 Budget Managers are responsible for:
- a. Providing the Executive Director for Growth, Planning and Housing with all relevant information and documentation for the purposes of maintaining an up to date and complete fixed asset register.
  - b. Maintaining local inventories of moveable assets as directed by the Executive Director of Finance & Resources.
  - c. Ensuring that any stocks and stores are properly recorded and that unnecessarily high levels do not accumulate.
  - d. Ensuring that any cash holdings are kept to a minimum, within insurance limits and held securely.
  - e. Ensuring the proper security and safe custody of assets and reporting any assets that are lost, stolen or destroyed to the insurance team, facilities management and internal audit as appropriate.
  - f. Complying with guidance issued by the Executive Director of Finance & Resources on disposal of assets.
  - g. Seeking approval to write off deficiencies in any stocks, stores, or inventory items, subject to the limits set out in the Schedule of Financial Authority to Officers.
  - h. Ensuring that assets are used only in the course of the Council's business unless specific permission has been given otherwise

## **10. Insurance**

- 10.1 The Executive Director of Finance & Resources is responsible for:
- a. Determining the nature and level of insurance cover to be effected.
  - b. Effecting insurance cover and processing and settlement of all claims.

- 10.2 Budget Managers are responsible for:
- a. All new risks, properties or vehicles for which insurance is required.
  - b. Alterations affecting insurance arrangements.
  - c. Any loss, damage or claim.

## **11. Recharges**

- 11.1 The Executive Director of Finance & Resources is responsible for:
- a. Maintaining an appropriate system of internal recharges which ensures that the full cost of each service is identified.
  - b. Processing all charges and recharges on a regular and timely basis.
  - c. Advising on the operation of internal trading accounts.
- 11.2 Budget Managers are responsible for:
- a. Agreeing the basis of internal charges/recharges in advance of the financial year as part of the budget setting process.
  - b. Maintaining appropriate systems to calculate recharges or justify their apportionment.
  - c. Providing data to enable recharges to be processed on a regular and timely basis and responding in the event of any disputed charges.
  - d. Complying with guidance issued by the Executive Director of Finance & Resources in relation to the operation of trading accounts.

## **Part G: External Arrangements**

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### **1. Principles**

- 1.1 All partnerships and joint working arrangements with outside bodies must be properly evaluated for risk before they are entered into, and be supported by clear governance, accounting and audit arrangements. Full Cabinet approval is required in order to set-up a new entity, such as a joint venture.
- 1.2 External funding can prove an important source of income but funding conditions must be carefully examined before any agreement is entered into to ensure they are compatible with the aims and objectives of Council.
- 1.3 Legislation enables the Council to trade and provide services to third parties. All such work must be intra vires and the respective risks and financial benefits associated with such work must be properly considered and a business case approved before any trading activities take place.

### **2. Partnerships and Joint Working**

- 2.1 The Executive Director of Finance & Resources is responsible for advising on the financing, accounting and control of partnership arrangements including:
- a. Financial viability in current and future years
  - b. Risk appraisal and risk management arrangements

- c. Resourcing and taxation
- d. Audit, security and control requirements
- e. Assessing any financial implications that may arise from these arrangements under IFRS9.

2.2 Budget Managers are responsible for:

- a. Ensuring that any arrangements do not impact adversely upon Council services, that risk assessments have been carried out, and that appropriate approvals have been obtained before entering into any agreements.
- b. Ensuring that agreements and arrangements are properly documented.
- c. Maintaining local registers of partnerships entered into.
- d. Providing appropriate information to the Executive Director of Finance & Resources to enable relevant entries to be made in the Council's accounts.
- e. Ensuring that appropriate mechanisms are in place to monitor and report on performance.

**3. External Funding**

3.1 The Executive Director of Finance & Resources is responsible for:

- a. Ensuring that any match funding requirements are considered prior to entering into any agreement, that future revenue budgets reflect these requirements, and that any longer term sustainability costs have been properly assessed.
- b. Ensuring that all external funding is received and properly recorded in the Council's accounts and in the name of the Council.
- c. Maintaining a central register of external funding/grant arrangements.
- d. Ensuring that all audit requirements are met.

3.2 Budget Managers are responsible for:

- a. Ensuring that the sustainability of funding is assessed for risk, any agreements entered into are consistent with and support the Council's service priorities, and necessary approvals have been obtained.
- b. All claims for funds are made by the due date.
- c. Work is progressed in accordance with the project plan and all expenditure is properly incurred and recorded.

**4. Trading**

4.1 The Executive Director of Finance & Resources is responsible for:

- a. Issuing guidance on the assessment of trading opportunities and options.
- b. Advising on and approving the financial implications of any proposed trading arrangements between the Council and third parties.
- c. Advising on the establishment and operation of trading accounts to ensure that the accounting and control processes comply with Council and statutory requirements and that the results of trading operations are properly recorded and reported.

- 4.2 Budget Managers are responsible for:
- a. Identifying potential trading opportunities, and evaluating the respective risks and financial benefits in accordance with the guidance issued by the Executive Director of Finance & Resources.
  - b. Obtaining the approval of the Executive Director of Finance & Resources and the Cabinet Member before proceeding.
  - c. Maintaining up to date details of all contracts on the corporate contracts register.
  - d. Complying with guidance issued by the Executive Director of Finance & Resources in relation to the operation of trading accounts and the proper recording and reporting of trading results.

## SCHEDULE OF FINANCIAL AUTHORITY TO OFFICERS INTRODUCTION

1. The Scheme of Delegated Authority to Officers sets out the powers and duties delegated to members of the Corporate Leadership Team (CLT). CLT members may appoint appropriate “authorised officers” to act on their behalf. For the purposes of these Financial Regulations a member of CLT is defined as any post holder who is Band 6 or Band 7.
2. This Schedule sets out the approved financial limits within which CLT members, and authorised officers, may conduct the Council’s business. Changes to the limits/values contained within this Schedule may only be made with the approval of the Executive Director of Finance & Resources . Additionally, any changes to Members approval levels also require the approval of Council on recommendation of the Cabinet Member for Finance, Property and Regeneration.
3. For those items marked, the relevant CLT member has discretion to appoint appropriate authorised officers to act on his/her behalf. In all cases the member remains accountable for the effective operation of the financial authorities and must:
  - Maintain a written record of authorised officers.
  - Ensure that an appropriate segregation of duties is in operation, e.g., between ordering and paying for goods, between claiming and approving expenses.
  - Ensure compliance with the financial limits in this Schedule and any additional financial restrictions and limitations imposed by the Procurement Code (e.g., limits relating to waivers, extensions and variations) and HR policies (e.g., limits relating to overtime, allowances, honoraria and expenses).

### FINANCIAL MONITORING AND CONTROL (FINANCIAL REGULATIONS – PART D)

REF	DESCRIPTION	LIMIT/VALUE	APPROVER
Part D Sec 3	Individual Revenue Virements: <ul style="list-style-type: none"> <li>• Reallocation of approved budgets; system errors, technical accounting adjustments, coding changes within overall spending limits and reserves.</li> <li>• Virements with budget and policy changes.</li> </ul>	Unlimited  Up to £500k £500k to £1m  Over £1m	Executive Director of Finance & Resources  Executive Director of Finance & Resources in conjunction with appropriate Cabinet Member Relevant Cabinet Member in consultation with Cabinet Member for Finance, Property and Regeneration Leader or Cabinet

REF	DESCRIPTION	LIMIT/VALUE	APPROVER
	<p>Individual Capital Virements:</p> <ul style="list-style-type: none"> <li>• Reallocation of approved budgets; system errors, technical accounting adjustments, coding changes within overall spending limits and reserves.</li> <li>• Virements with budget and policy changes</li> </ul>	<p>Unlimited</p> <p>Up to £500k £500k to £1m</p> <p>Over £1m</p>	<p>Executive Director of Finance &amp; Resources</p> <p>Executive Director of Finance &amp; Resources in conjunction with appropriate Cabinet Member Relevant Cabinet Member in consultation with Cabinet Member for Finance, Property and Regeneration Leader or Cabinet</p>
	<p>A revenue virement is permissible only in the following circumstances:</p> <ul style="list-style-type: none"> <li>• To correct any errors made in the initial loading of the budget onto the accounting system</li> <li>• To reflect a structural reorganisation</li> <li>• To reflect a change in corporate priorities</li> <li>• The receipt of additional grant or other funding</li> <li>• The distribution of centrally held budgets</li> <li>• To reflect technical adjustments at the discretion of the Executive Director of Finance &amp; Resources</li> <li>• To make an adjustment for the use of earmarked reserves in revenue budgets</li> </ul>	<p>The following transfers are generally not permitted:</p> <ul style="list-style-type: none"> <li>• Transfers between capital and revenue</li> <li>• Transfers between employee related and non-employee budgets</li> <li>• Transfers between controllable and non-controllable (recharges and capital financing) codes</li> </ul>	

**FINANCIAL SYSTEMS AND PROCEDURES (FINANCIAL REGULATIONS – PART F), AND FINANCIAL PLANNING AND BUDGETING  
(FINANCIAL REGULATIONS – PART C)**

REF	DESCRIPTION	LIMIT/VALUE	APPROVER
<b>INCOME</b>			
Part F Sec 3	Individual Sundry debtor accounts write offs (note this is the sum of debt on an account to be written off not individual invoices)	Up to £10k	CLT member on recommendation of Finance Manager
		£10k to £50k	CLT member on recommendation of Finance Manager – Corporate Finance and with the agreement of a Strategic Finance Manager – Corporate Finance and Tri-Borough Director of Law
		£50k to £100k	CLT member on recommendation of Strategic Finance Manager – Corporate Finance and with the agreement of Assistant Executive Director of Finance & Resources and Tri-Borough Director of Law
		Over £100k	Cabinet Member on recommendation of Executive Director of Finance & Resources and Tri-Borough Director of Law
	Individual Council Tax, NNDR, housing benefits overpayments and former client rent arrears write offs (per account / reference)	Up to £10k	Head of Shared Service Centre
		Up to £100k	Head of Shared Service Centre and Tri-Borough Director of Law
		Over £100k	Cabinet Member on recommendation of Chief Finance Officer and Tri-Borough Director of Law
	Individual Housing rent write offs (per account reference)	Up to £10k	Executive Director for Growth, Planning & Housing with the agreement of Strategic Finance Manager Growth, Planning & Housing
		Up to £100k	Executive Director of Growth, Planning & Housing with the agreement of the Strategic Finance Manager Growth, Planning & Housing and Head of Shared Service Centre.
		Over £100k	Cabinet Member on recommendation of Executive Director of Finance & Resources and Tri -Borough Director of Law

	Individual Council Tax and NNDR Refunds (per account / reference)	Unlimited	Head of Shared Service Centre
	Fees and Charges	Increase/decrease	ELT in consultation with Strategic Finance Manager and Cabinet Member
		New charges	Cabinet Member
<b>EXPENDITURE</b>			
Part F Sec 4	Approving placement of individual orders (commitments) with suppliers/contractors	Up to £10k	Budget Manager (designated by CLT member)
		£10k to £500k	Budget Manager designated by CLT member, following Procurement Code Peer (Procurement Gate Panel recommendation required for expenditure over £100k)
		£500k to £1.5m	Head of Service designated by CLT member
		Over £1.5m (£300k for consultancy agreements)	Cabinet Member
	Approving expenditure commitments on capital schemes	Up to £10k	Budget Manager (designated by CLT member)
		£10k to £500k	Budget Manager designated by CLT member, following Procurement Code Peer (Procurement Gate Panel recommendation required for expenditure over £100k)
		£500k to £1.5m	Head of Service (designated by CLT member) in consultation with CRG
		Over £1.5m	Cabinet Member
Part C Sec 3	Approving additional budget on capital schemes/new capital schemes	Up to £500k	Executive Director of Finance & Resources in conjunction with Lead Member
		Over £500k	Cabinet Member/Cabinet
Part F Sec 4	Authorising payment of invoices	Up to £500k	Budget Manager (designated by CLT member)
		Over £500k	Head of Service, in conjunction with CLT member
	Procurement card transactions/expenses	Up to £500	Approved Departmental Officer

		£500 to £1000	Budget Manager
		£1000 to £2000	Head of Service
	Approving compensatory payments	Up to £2000	ELT Member
		Over £2000	General Purposes Committee
	Corporate credit card transactions (emergency use)	Up to £20k	CLT member (essential that relevant Line Manager has agreed prior approval)
	Cash payments (exceptional use)	£100	CLT member
	Emergency expenditure	Up to £500k	Executive Director City Management and Communities in line with Scheme of Officer Delegations

<b>TREASURY MANAGEMENT</b>			
Part F Sec 7	Expenditure relating to treasury management and investments	Up to £500k	Tri-Borough Director for Treasury and Pensions
		Up to £1.5m	Executive Director of Finance & Resources
		Over £1.5m	Cabinet Member
	Placing of treasury investments	In line with TM Strategy and any operational lower limits	As authorised to transact in letters approved by Executive Director of Finance & Resources
	Expenditure relating to the operating of contracts for the pension fund	Up to £500k	Tri-Borough Director for Treasury and Pensions
		Over £500k	Executive Director of Finance & Resources
	Placing of pension fund investments	Up to £500k	Strategic Investment Manager
		Up to £750k	Tri-Borough Director for Treasury and Pensions
		Up to £1.5m	Executive Director of Finance & Resources
		Over £1.5m	Pension Fund Committee
	Transfers between, withdrawals from or additions to Pension Managers Funds	Up to £1m	Strategic Investment Manager
		Up to £5m	Tri-Borough Director for Treasury and Pensions
		Up to £10m	Executive Director of Finance & Resources
		Over £10m	Pension Fund Committee

<b>ASSET MANAGEMENT</b>			
Part F Sec 9	Writing off deficiencies in stocks, stores and inventories	Up to £10k	CLT member
		£10k to £100k	CLT member with the agreement of Strategic Finance Manager (on behalf of Executive Director of Finance & Resources and Tri-Borough Director of Law)
		Over £100k	Cabinet Member
Page 131	Disposal of freehold and leasehold land and property. Purchase, surrender, renewal, variation and re-gearing of property leases	Where premium does not exceed £500k or rental value does not exceed £125k	Chief Executive in line with Scheme of Officer Delegations
		Where premium exceeds £500k or rental value exceeds £125k	Cabinet
	Value for including items in fixed assets register	Over £10k	

**EXTERNAL ARRANGEMENTS (FINANCIAL REGULATIONS – PART G)**

<b>REF</b>	<b>DESCRIPTION</b>	<b>LIMIT/VALUE</b>	<b>APPROVER</b>
Part G Sec 3	External trading – business case approval	Contracts up to £1.5m	ELT Member in consultation with Executive Director of Finance & Resources
		Contracts over £1.5m	Cabinet Member



## EQUALITY IMPACT ASSESSMENT TEMPLATE

**PLEASE ENSURE YOU READ THE GUIDANCE NOTES BEFORE COMPLETING THIS TEMPLATE**

Completing an EIA is the simplest way to demonstrate that the Council has considered the equality impacts of its decisions and it reduces the risk of legal challenge. EIAs should be carried out at the earliest stages of policy development or a service review, and then updated as the policy or review develops. EIAs must be undertaken when it is possible for the findings to inform the final decision.

### SECTION 1:

<b>Title</b>	1.18 – Increase in Council Tax Base
<b>What are you analysing?</b> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	Organic growth through the building of additional homes and enhancements to existing homes, as well as changes to eligibility for discounts (single person discount for example) result in a modest but steady annual increase in the tax base. This results in an increasing tax yield even though the average Band D amount remains constant.
<b>Details of the lead person completing the screening/EIA</b>	(i) Full Name: Jake Bacchus (ii) Position: Head of Corporate Finance (iii) Unit: Corporate Finance (iv) Contact Details: jbacchus@westminster.gov.uk
<b>Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a></b>	24 May 2018
<b>Version number and date of update</b>	V1 – 24.5.18
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<p><b>2.1</b></p>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li><i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li><i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>														
	<table border="1"> <tr> <td data-bbox="507 819 938 965">How many people use the service currently? What is this as a % of Westminster's population?</td> <td data-bbox="938 819 1481 965">N/A. This is not a service but a statutory obligation for new residences to pay council tax</td> </tr> <tr> <td data-bbox="507 965 938 1055">Gender</td> <td data-bbox="938 965 1481 1055">N/A</td> </tr> <tr> <td data-bbox="507 1055 938 1144">Race</td> <td data-bbox="938 1055 1481 1144">N/A</td> </tr> <tr> <td data-bbox="507 1144 938 1234">Disability</td> <td data-bbox="938 1144 1481 1234">N/A</td> </tr> <tr> <td data-bbox="507 1234 938 1323">Sexual orientation</td> <td data-bbox="938 1234 1481 1323">N/A</td> </tr> <tr> <td data-bbox="507 1323 938 1413">Age</td> <td data-bbox="938 1323 1481 1413">N/A</td> </tr> <tr> <td data-bbox="507 1413 938 1503">Religion or belief</td> <td data-bbox="938 1413 1481 1503">N/A</td> </tr> </table>	How many people use the service currently? What is this as a % of Westminster's population?	N/A. This is not a service but a statutory obligation for new residences to pay council tax	Gender	N/A	Race	N/A	Disability	N/A	Sexual orientation	N/A	Age	N/A	Religion or belief	N/A
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Race	N/A														
Disability	N/A														
Sexual orientation	N/A														
Age	N/A														
Religion or belief	N/A														
<p><b>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</b></p>	<p><i>If yes, provide details.</i></p> <p>N/A</p>														

**2.3 Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.** *If yes, provide details.*  
N/A

**2.4 Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?**

	None	Positive	Negative	Not sure
Men or women	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disabled <sup>1</sup> people (consider different types of physical, learning or mental disabilities)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People in particular age groups (consider in particular children, under 21s and over 65s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Impact due to pregnancy/ maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.**

<sup>1</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

2.5	Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal
	<p style="text-align: center;">Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
2.6	Provide brief reasons on how have you come to this decision?
	<p>Organic growth of housing within Westminster will naturally lead to increased Council Tax income. This has no effect on existing households.</p>

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men							
	Women							
Race	White							
	Mixed/Multiple ethnic groups							
	Asian/Asian British							
	Black/African/Caribbean/Black British							
	Gypsies / travellers							
	Other ethnic group							
Disability	Physical							
	Sensory							
	Learning Difficulties							
	Learning Disabilities							
	Mental Health							

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
Sexual Orientation	Lesbian, gay men, bisexual							
Age	Older people (50+)							
	Younger people (16 - 25)							
Gender Reassignment								
Impact due to pregnancy/maternity								
Groups with particular faiths and beliefs								
People on low incomes								

**SECTION 4: ACTION PLAN**

**4.1** Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.

*Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.*

**NB. Add any additional rows, if required.**

Page 139	Action Required	Equality Groups Targeted	Intended outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG
	N/A						
	<i>Enter additional rows if required</i>						

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....  .....

**FULL NAME:** .....Jake Bacchus.....

**UNIT:** ...Corporate Finance.....

**EMAIL & TELEPHONE EXT:** .....1360.....

**DATE (DD/MM/YYYY):** ...24/05/2018.....

**WHAT NEXT?**

It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.

All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).

All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)



## EQUALITY IMPACT ASSESSMENT TEMPLATE

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### SECTION 1:

<b>Title</b>	1.20 Revenue & Benefits – contract re-procurement
<b>What are you analysing?</b> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	The initiative is to re-let the Revenue and Benefits Contract. Savings are to be generated through a robust procurement process to ensure maximisation of value for money. In addition, there will be a focus on a reduction in contract price through the adoption of digital solutions to reduce demand and improve process efficiency.
<b>Details of the lead person completing the screening/EIA</b>	(ii) Full Name: Martin Hinkley (ii) Position: ACT Revenue and Benefits (iii) Unit: City Treasurer Department (iv) Contact Details: <a href="mailto:mhinckley@westminster.gov.uk">mhinckley@westminster.gov.uk</a>
<b>Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a></b>	01 June 2018
<b>Version number and date of update</b>	V1 – 01.6.18
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<p><b>2.1</b></p>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li><i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li><i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>														
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How many people use the service currently? What is this as a % of Westminster's population?	N/A. The impact will be upon the slippage on the capital programme not the revenue savings made on the back of the slippage.														
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Race	N/A														
Disability	N/A														
Sexual orientation	N/A														
Age	N/A														
Religion or belief	N/A														
<p><b>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</b></p>	<p><i>If yes, provide details.</i></p> <p>N/A</p>														

<b>2.3 Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.</b>	If yes, provide details.  N/A
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<b>2.4</b>	<b>Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?</b>
------------	---

	None	Positive	Negative	Not sure
Men or women	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disabled <sup>2</sup> people (consider different types of physical, learning or mental disabilities)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People in particular age groups (consider in particular children, under 21s and over 65s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Impact due to pregnancy/ maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.**

<sup>2</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

2.5	Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
2.6	Provide brief reasons on how have you come to this decision?
	Organic growth of housing within Westminster will naturally lead to increased Council Tax income. This has no effect on existing households.

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
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	Women							
Race	White							
	Mixed/Multiple ethnic groups							
	Asian/Asian British							
	Black/African/Caribbean/ Black British							
	Gypsies / travellers							
	Other ethnic group							
Disability	Physical							
	Sensory							
	Learning Difficulties							
	Learning Disabilities							
	Mental Health							



Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
Sexual Orientation	Lesbian, gay men, bisexual							
Age	Older people (50+)							
	Younger people (16 - 25)							
Gender Reassignment								
Impact due to pregnancy/maternity								
Groups with particular faiths and beliefs								
People on low incomes								

**SECTION 4: ACTION PLAN**

**4.1** Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.

*Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.*

**NB. Add any additional rows, if required.**

Page 148	Action Required	Equality Groups Targeted	Intended outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG
	N/A						
	<i>Enter additional rows if required</i>						

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....

**FULL NAME:** .....Martin Hinkley.....

**UNIT:** ...Revenue and Benefits.....

**EMAIL & TELEPHONE EXT:** .....2611.....

**DATE (DD/MM/YYYY):** ...01/06/2018.....

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

**All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**



## EQUALITY IMPACT ASSESSMENT TEMPLATE

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#### SECTION 1:

<b>Title</b>	1.25 – Corporate Property Strategy
<b>What are you analysing?</b> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	<p>This programme comprises the redevelopment of key Council owned properties to generate new or improved revenue returns. The redevelopment projects are at varying stages of project planning and the deliverables are subject to amendment as the concepts mature. In addition the projects will be subject to the usual development risks including planning, market and finance.</p> <p>All project business cases are reviewed and updated at the Development Board are supported by business cases as the scheme proposals develop and therefore the net revenue forecasts will be subject to change. It should be noted that in the short term, the development of the projects will result in short term income-pressure.</p>
<b>Details of the lead person completing the screening/EIA</b>	<p>(i) Full Name: Guy Slocombe</p> <p>(ii) Position: Director of Property Income and Estates</p> <p>(iii) Unit: Corporate Property</p> <p>(iii) Contact Details: 0207 641 5465</p>
<b>Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a></b>	01/08/2018
<b>Version number and date of update</b>	V1 and 01/08/2018
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<p><b>2.1</b></p>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li><i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li><i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>														
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Age															
Religion or belief															
<p><b>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</b></p>	<p><i>If yes, provide details.</i></p> <p>N/A</p>														

<b>2.3 Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.</b>	<i>If yes, provide details.</i>  N/A
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<b>2.4</b>	<b>Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?</b>
------------	---

	None	Positive	Negative	Not sure
Men or women	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disabled <sup>3</sup> people (consider different types of physical, learning or mental disabilities)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People in particular age groups (consider in particular children, under 21s and over 65s)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Impact due to pregnancy/ maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.**

<sup>3</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

2.5	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
2.6	<b>Provide brief reasons on how have you come to this decision?</b>
	<p>The programme seeks to develop a number of existing buildings in order to generate income or improve service provision. In the case of developments that can impact current service provision:</p> <ul style="list-style-type: none"> <li>• <b>The work at Moberly/Jubilee, Seymour and Queen Mother Leisure Centres will result in the provision during the period of the development for reasons of public safety but provision will be resumed once works are concluded.</b></li> <li>• <b>The works at the Beachcroft, Westmead and Carlton Dene will increase and improve the quality and range of care for elderly people.</b></li> </ul> <p><b>All works will result in buildings that comply with relevant building regulations relating to accessibility more so than the buildings that are replaced.</b></p>

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

N/A

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men							
	Women							
Race	White							
	Mixed/Multiple ethnic groups							
	Asian/Asian British							
	Black/African/Caribbean/Black British							
	Gypsies / travellers							
	Other ethnic group							
Disability	Physical							
	Sensory							
	Learning Difficulties							
	Learning Disabilities							

Page 154

	Mental Health							
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Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
Sexual Orientation	Lesbian, gay men, bisexual							
Age	Older people (50+)							
	Younger people (16 - 25)							
Gender Reassignment								
Impact due to pregnancy/maternity								
Groups with particular faiths and beliefs								
People on low incomes								

**SECTION 4: ACTION PLAN**

**4.1** Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.

*Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.*

**NB. Add any additional rows, if required.**

Page 157	Action Required	Equality Groups Targeted	Intended outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG
	N/A						
	<i>Enter additional rows if required</i>						

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....

**FULL NAME:** .....

**UNIT:** .....

**EMAIL & TELEPHONE EXT:** .....

**DATE (DD/MM/YYYY):** .....

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

**All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**



## EQUALITY IMPACT ASSESSMENT TEMPLATE

**PLEASE ENSURE YOU READ THE GUIDANCE NOTES BEFORE COMPLETING THIS TEMPLATE**

Completing an EIA is the simplest way to demonstrate that the Council has considered the equality impacts of its decisions and it reduces the risk of legal challenge. EIAs should be carried out at the earliest stages of policy development or a service review, and then updated as the policy or review develops. EIAs must be undertaken when it is possible for the findings to inform the final decision.

### SECTION 1:

<b>Title</b>	1.40 – Property Rationalisation and Asset Management
<p>What are you analysing?</p> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	<p>Asset management of the Council’s commercial property investment portfolio to increase the income generated. This will be achieved through:</p> <p>Re-gearing of certain car park leases to guarantee rent and reduce more uncertain turnover based rents</p> <p>Rationalisation of the Council’s commercial corporate footprint, reducing cost of the estate and recycling assets to generate rental income either from specific assets, or from the reinvested capital raised from disposals</p> <p>Asset management initiatives to identify commercial opportunities for new or improved rent from existing assets including telecoms masts</p> <p>Core Commercial Portfolio income growth – through contractual rent review and lease renewal processes.</p> <p>The aim of the project is not to impact on service provision but to be more intelligent regarding the accommodation needs of services in the same locality but accessibility will always remain a key consideration.</p>
Details of the lead person completing the screening/EIA	<p>(iii) Full Name: Alan Rhind</p> <p>(ii) Position: Head of Operational Property</p> <p>(iii) Unit: Corporate Property</p> <p>(iii) Contact Details: 0207 641 5462</p>
Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a>	16/07/2018

Version number and date of update	V1 16/07/2018
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<p><b>2.1</b></p>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li><i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li><i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>														
	<table border="1"> <tr> <td data-bbox="507 819 940 965">How many people use the service currently? What is this as a % of Westminster's population?</td> <td data-bbox="943 819 1481 965"></td> </tr> <tr> <td data-bbox="507 965 940 1055">Gender</td> <td data-bbox="943 965 1481 1055"></td> </tr> <tr> <td data-bbox="507 1055 940 1144">Race</td> <td data-bbox="943 1055 1481 1144"></td> </tr> <tr> <td data-bbox="507 1144 940 1234">Disability</td> <td data-bbox="943 1144 1481 1234"></td> </tr> <tr> <td data-bbox="507 1234 940 1323">Sexual orientation</td> <td data-bbox="943 1234 1481 1323"></td> </tr> <tr> <td data-bbox="507 1323 940 1413">Age</td> <td data-bbox="943 1323 1481 1413"></td> </tr> <tr> <td data-bbox="507 1413 940 1503">Religion or belief</td> <td data-bbox="943 1413 1481 1503"></td> </tr> </table>	How many people use the service currently? What is this as a % of Westminster's population?		Gender		Race		Disability		Sexual orientation		Age		Religion or belief	
How many people use the service currently? What is this as a % of Westminster's population?															
Gender															
Race															
Disability															
Sexual orientation															
Age															
Religion or belief															
<p><b>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</b></p>	<p><i>If yes, provide details.</i></p>														

**2.3** Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? *If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.* *If yes, provide details.*

**2.4** Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?

	None	Positive	Negative	Not sure
Men or women	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disabled <sup>4</sup> people (consider different types of physical, learning or mental disabilities)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People in particular age groups (consider in particular children, under 21s and over 65s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Impact due to pregnancy/ maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.**

<sup>4</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

2.5	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
2.6	<b>Provide brief reasons on how have you come to this decision?</b>
	<p>The programme seeks to reduce the number of commercial buildings from which the Council operates from. This will not impact on the level of service provision. However, it will mean that where possible better use will be made of the commercial space e.g. where a number of services operate within close proximity and capacity exists to co-locate. This will free up commercial space to lease out to commercial tenants, voluntary and community organisations and or social enterprises depending on the Council's priorities. Accessibility will always be a key consideration as Westminster consolidates its portfolio.</p>

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men							
	Women							
Race	White							
	Mixed/Multiple ethnic groups							
	Asian/Asian British							
	Black/African/Caribbean/Black British							
	Gypsies / travellers							
	Other ethnic group							
Disability	Physical							
	Sensory							
	Learning Difficulties							
	Learning Disabilities							

		Mental Health						
Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
Sexual Orientation	Lesbian, gay men, bisexual							
Age	Older people (50+)							
	Younger people (16 - 25)							
Gender Reassignment								
Impact due to pregnancy/maternity								
Groups with particular faiths and beliefs								
People on low incomes								

**SECTION 4: ACTION PLAN**

<p><b>4.1</b></p> <p>Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.</p> <p><i>Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.</i></p> <p><b>NB. Add any additional rows, if required.</b></p>								
<p><b>Action Required</b></p>	<p><b>Equality Groups Targeted</b></p>	<p><b>Intended outcome</b></p>	<p><b>Resources Needed</b></p>	<p><b>Name of Lead, Unit &amp; Contact Details</b></p>	<p><b>Completion Date (DD/MM/YY)</b></p>	<p><b>RAG</b></p>		
<p>Page 166</p>								
	<p><i>Enter additional rows if required</i></p>							

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....

**FULL NAME:** .....

**UNIT:** .....

**EMAIL & TELEPHONE EXT:** .....

**DATE (DD/MM/YYYY):** .....

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

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## EQUALITY IMPACT ASSESSMENT TEMPLATE

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### SECTION 1:

Title	1.52 City Treasurers - Treasury Management and review of non-pay budgets
What are you analysing? <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	The City Treasurer department will review opportunities to generate additional income from enhanced Treasury Management practices. The potential impact of Brexit will also need to be taken into account with the adverse effect of potentially further reducing interest rates.
Details of the lead person completing the screening/EIA	(iv) Full Name: Phil Triggs (ii) Position: Tri-borough Director of Treasury and Pension (iii) Unit: City Treasurer Department (iv) Contact Details: <a href="mailto:p.triggs@westminster.gov.uk">p.triggs@westminster.gov.uk</a>
Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a>	01 June 2018
Version number and date of update	V1 – 01.6.18
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<p><b>2.1</b></p>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li><i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li><i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>														
	<table border="1"> <tr> <td data-bbox="507 819 938 965">How many people use the service currently? What is this as a % of Westminster's population?</td> <td data-bbox="946 819 1481 965">N/A. The impact will be upon the slippage on the capital programme not the revenue savings made on the back of the slippage.</td> </tr> <tr> <td data-bbox="507 965 938 1055">Gender</td> <td data-bbox="946 965 1481 1055">N/A</td> </tr> <tr> <td data-bbox="507 1055 938 1144">Race</td> <td data-bbox="946 1055 1481 1144">N/A</td> </tr> <tr> <td data-bbox="507 1144 938 1234">Disability</td> <td data-bbox="946 1144 1481 1234">N/A</td> </tr> <tr> <td data-bbox="507 1234 938 1323">Sexual orientation</td> <td data-bbox="946 1234 1481 1323">N/A</td> </tr> <tr> <td data-bbox="507 1323 938 1413">Age</td> <td data-bbox="946 1323 1481 1413">N/A</td> </tr> <tr> <td data-bbox="507 1413 938 1503">Religion or belief</td> <td data-bbox="946 1413 1481 1503">N/A</td> </tr> </table>	How many people use the service currently? What is this as a % of Westminster's population?	N/A. The impact will be upon the slippage on the capital programme not the revenue savings made on the back of the slippage.	Gender	N/A	Race	N/A	Disability	N/A	Sexual orientation	N/A	Age	N/A	Religion or belief	N/A
How many people use the service currently? What is this as a % of Westminster's population?	N/A. The impact will be upon the slippage on the capital programme not the revenue savings made on the back of the slippage.														
Gender	N/A														
Race	N/A														
Disability	N/A														
Sexual orientation	N/A														
Age	N/A														
Religion or belief	N/A														
<p><b>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</b></p>	<p><i>If yes, provide details.</i></p> <p>N/A</p>														

<b>2.3 Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.</b>	<i>If yes, provide details.</i>  N/A
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<b>2.4</b>	<b>Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?</b>
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	None	Positive	Negative	Not sure
Men or women	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disabled <sup>5</sup> people (consider different types of physical, learning or mental disabilities)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People in particular age groups (consider in particular children, under 21s and over 65s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Impact due to pregnancy/ maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.**

<sup>5</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

2.5	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
2.6	<b>Provide brief reasons on how have you come to this decision?</b>
	Organic growth of housing within Westminster will naturally lead to increased Council Tax income. This has no effect on existing households.

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men							
	Women							
Race	White							
	Mixed/Multiple ethnic groups							
	Asian/Asian British							
	Black/African/Caribbean/ Black British							
	Gypsies / travellers							
	Other ethnic group							
Disability	Physical							
	Sensory							
	Learning Difficulties							
	Learning Disabilities							
	Mental Health							

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual							
<b>Age</b>	Older people (50+)							
	Younger people (16 - 25)							
<b>Gender Reassignment</b>								
<b>Impact due to pregnancy/maternity</b>								
<b>Groups with particular faiths and beliefs</b>								
<b>People on low incomes</b>								

**SECTION 4: ACTION PLAN**

<p><b>4.1</b></p> <p>Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.</p> <p><i>Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.</i></p> <p><b>NB. Add any additional rows, if required.</b></p>								
Page 174	<b>Action Required</b>	<b>Equality Groups Targeted</b>	<b>Intended outcome</b>	<b>Resources Needed</b>	<b>Name of Lead, Unit &amp; Contact Details</b>	<b>Completion Date (DD/MM/YY)</b>	<b>RAG</b>	
	N/A							
	<i>Enter additional rows if required</i>							

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....

**FULL NAME:** ...Phil Triggs.....

**UNIT:** ...Treasury and Pension.....

**EMAIL & TELEPHONE EXT:** .....4136.....

**DATE (DD/MM/YYYY):** ...01/06/2018.....

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

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## EQUALITY IMPACT ASSESSMENT TEMPLATE

**PLEASE ENSURE YOU READ THE GUIDANCE NOTES BEFORE COMPLETING THIS TEMPLATE**

Completing an EIA is the simplest way to demonstrate that the Council has considered the equality impacts of its decisions and it reduces the risk of legal challenge. EIAs should be carried out at the earliest stages of policy development or a service review, and then updated as the policy or review develops. EIAs must be undertaken when it is possible for the findings to inform the final decision.

### SECTION 1:

<b>Title</b>	1.62 Business rates
<b>What are you analysing?</b> <ul style="list-style-type: none"> <li>What is the policy/project/activity/strategy looking to achieve?</li> <li>Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>What results are intended?</li> </ul>	<p>Historically, Westminster has had to set its business rates budget at safety net due to the number of appeals outstanding which reduces the final outturn of business rates. Additional income can now be delivered through the business rates retention scheme due to an improved financial position in respect of appeals.</p> <p>There is no impact on billing for businesses or on the ability for businesses to appeal their rates with the VOA.</p>
<b>Details of the lead person completing the screening/EIA</b>	<p>(v) Full Name: Jake Bacchus</p> <p>(ii) Position: Head of Corporate Finance</p> <p>(iii) Unit: Corporate Finance</p> <p>(iv) Contact Details: jbacchus@westminster.gov.uk</p>
<b>Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a></b>	24 May 2018
<b>Version number and date of update</b>	V1 – 24.5.18
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<p><b>2.1</b></p>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li><i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li><i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>														
	<table border="1"> <tr> <td data-bbox="507 819 938 965">How many people use the service currently? What is this as a % of Westminster's population?</td> <td data-bbox="944 819 1481 965">N/A. This is not a service but a statutory obligation for new residences to pay council tax</td> </tr> <tr> <td data-bbox="507 965 938 1055">Gender</td> <td data-bbox="944 965 1481 1055">N/A</td> </tr> <tr> <td data-bbox="507 1055 938 1144">Race</td> <td data-bbox="944 1055 1481 1144">N/A</td> </tr> <tr> <td data-bbox="507 1144 938 1234">Disability</td> <td data-bbox="944 1144 1481 1234">N/A</td> </tr> <tr> <td data-bbox="507 1234 938 1323">Sexual orientation</td> <td data-bbox="944 1234 1481 1323">N/A</td> </tr> <tr> <td data-bbox="507 1323 938 1413">Age</td> <td data-bbox="944 1323 1481 1413">N/A</td> </tr> <tr> <td data-bbox="507 1413 938 1503">Religion or belief</td> <td data-bbox="944 1413 1481 1503">N/A</td> </tr> </table>	How many people use the service currently? What is this as a % of Westminster's population?	N/A. This is not a service but a statutory obligation for new residences to pay council tax	Gender	N/A	Race	N/A	Disability	N/A	Sexual orientation	N/A	Age	N/A	Religion or belief	N/A
How many people use the service currently? What is this as a % of Westminster's population?	N/A. This is not a service but a statutory obligation for new residences to pay council tax														
Gender	N/A														
Race	N/A														
Disability	N/A														
Sexual orientation	N/A														
Age	N/A														
Religion or belief	N/A														
<p><b>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</b></p>	<p><i>If yes, provide details.</i></p> <p>N/A</p>														

**2.3** Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? *If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.*

*If yes, provide details.*

N/A

**2.4** Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?

	None	Positive	Negative	Not sure
Men or women	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disabled <sup>6</sup> people (consider different types of physical, learning or mental disabilities)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People in particular age groups (consider in particular children, under 21s and over 65s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Impact due to pregnancy/ maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.**

<sup>6</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

2.5	Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal
	<p style="text-align: center;">Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
2.6	Provide brief reasons on how have you come to this decision?
	<p>Organic growth of housing within Westminster will naturally lead to increased Council Tax income. This has no effect on existing households.</p>

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men							
	Women							
Race	White							
	Mixed/Multiple ethnic groups							
	Asian/Asian British							
	Black/African/Caribbean/Black British							
	Gypsies / travellers							
	Other ethnic group							
Disability	Physical							
	Sensory							
	Learning Difficulties							
	Learning Disabilities							
	Mental Health							

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
Sexual Orientation	Lesbian, gay men, bisexual							
Age	Older people (50+)							
	Younger people (16 - 25)							
Gender Reassignment								
Impact due to pregnancy/maternity								
Groups with particular faiths and beliefs								
People on low incomes								

**SECTION 4: ACTION PLAN**

<p><b>4.1</b></p>	<p>Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.</p> <p><i>Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.</i></p> <p><b>NB. Add any additional rows, if required.</b></p>						
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 182</p>	<p><b>Action Required</b></p>	<p><b>Equality Groups Targeted</b></p>	<p><b>Intended outcome</b></p>	<p><b>Resources Needed</b></p>	<p><b>Name of Lead, Unit &amp; Contact Details</b></p>	<p><b>Completion Date (DD/MM/YY)</b></p>	<p><b>RAG</b></p>
	<p>N/A</p>						
	<p><i>Enter additional rows if required</i></p>						

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....  .....

**FULL NAME:** .....Jake Bacchus.....

**UNIT:** ...Corporate Finance.....

**EMAIL & TELEPHONE EXT:** .....1360.....

**DATE (DD/MM/YYYY):** ...24/05/2018.....

**WHAT NEXT?**

It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.

All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).

All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)



## EQUALITY IMPACT ASSESSMENT TEMPLATE

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### SECTION 1:

<b>Title</b>	1.67 Capital programme slippage impact
<b>What are you analysing?</b> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	The Capital Programme is assumed to have been funded based on an increasing level of revenue budgeted every year to cover financing costs. Due to slippage within the programme less is required than expected in 2019/20 to finance the programme.
<b>Details of the lead person completing the screening/EIA</b>	(vi) Full Name: Jake Bacchus (ii) Position: Head of Corporate Finance (iii) Unit: Corporate Finance (iv) Contact Details: jbacchus@westminster.gov.uk
<b>Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a></b>	24 May 2018
<b>Version number and date of update</b>	V1 – 24.5.18
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<p><b>2.1</b></p>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li><i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li><i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>														
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<b>2.3 Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.</b>	<i>If yes, provide details.</i>  N/A
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**2.4 Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?**

	None	Positive	Negative	Not sure
Men or women	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disabled <sup>7</sup> people (consider different types of physical, learning or mental disabilities)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People in particular age groups (consider in particular children, under 21s and over 65s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.**

<sup>7</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

2.5	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
2.6	<b>Provide brief reasons on how have you come to this decision?</b>
	Organic growth of housing within Westminster will naturally lead to increased Council Tax income. This has no effect on existing households.

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
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Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
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**SECTION 4: ACTION PLAN**

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<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 190</p>	<p><b>Action Required</b></p>	<p><b>Equality Groups Targeted</b></p>	<p><b>Intended outcome</b></p>	<p><b>Resources Needed</b></p>	<p><b>Name of Lead, Unit &amp; Contact Details</b></p>	<p><b>Completion Date (DD/MM/YY)</b></p>	<p><b>RAG</b></p>
	<p>N/A</p>						
	<p><i>Enter additional rows if required</i></p>						

THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER	
SIGNATURE: .....	
FULL NAME: .....	Jake Bacchus.....
UNIT: ...Corporate Finance.....	
EMAIL & TELEPHONE EXT: .....	1360.....
DATE (DD/MM/YYYY): ...24/05/2018.....	

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### SECTION 1:

<b>Title</b>	1.68 - Review of Staffing within PPC
What are you analysing? <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	A review of staffing costs within the PPC directorate, with a focus on vacancies or posts no longer required. This will involve an assessment of whether any vacant posts can be closed to realise cashable savings.
Details of the lead person completing the screening/EIA	(vii) Full Name: Richard Cressey (ii) Position: Head of Cabinet Secretariat (iii) Unit: Policy, Performance and Communications (iii) Contact Details: <a href="mailto:rcressey@westminster.gov.uk">rcressey@westminster.gov.uk</a> , x3403
Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a>	
Version number and date of update	
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

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<b>2.1</b>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li>• <i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li>• <i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>	
	<p>How many people use the service currently? What is this as a % of Westminster’s population?</p>	<p>There are no direct service users.</p> <p>It should however be noted that all Westminster residents as well as those visiting the city for pleasure or work, interact with the outputs of the services within PPC in one way or another.</p> <p>The proposals will primarily look at vacancies and there are therefore no direct staffing implications at this time to analyse the impact on people.</p>
	Gender	
	Race	
	Disability	
	Sexual orientation	
	Age	
	Religion or belief	

<p><b>2.2</b> Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? <i>If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</i></p>	<p>No</p>																																								
<p><b>2.3</b> Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? <i>If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.</i></p>	<p>No</p>																																								
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<sup>8</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.**

<b>2.5</b>	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>2.6</b>	<b>Provide brief reasons on how have you come to this decision?</b>
	There are not expected to be any direct implications for either staff or members of the public because of the nature of the proposal with regard to staffing vacancies

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men							
	Women							
Race	White							
	Mixed/Multiple ethnic groups							
	Asian/Asian British							
	Black/African/Caribbean/ Black British							
	Gypsies / travellers							
	Other ethnic group							
Disability	Physical							
	Sensory							
	Learning Difficulties							
	Learning Disabilities							
	Mental Health							

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual							
<b>Age</b>	Older people (50+)							
	Younger people (16 - 25)							
<b>Gender Reassignment</b>								
<b>Impact due to pregnancy/maternity</b>								
<b>Groups with particular faiths and beliefs</b>								
<b>People on low incomes</b>								

**SECTION 4: ACTION PLAN**

**4.1** Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.

*Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.*

**NB. Add any additional rows, if required.**

Page 198	Action Required	Equality Groups Targeted	Intended outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG
	<i>Enter additional rows if required</i>						

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....

**FULL NAME:** .....

**UNIT:** .....

**EMAIL & TELEPHONE EXT:** .....

**DATE (DD/MM/YYYY):** .....

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

**All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**



## EQUALITY IMPACT ASSESSMENT TEMPLATE

Completing an EIA is the simplest way to demonstrate that the Council has considered the equality impacts of its decisions and it reduces the risk of legal challenge. EIAs should be carried out at the earliest stages of policy development or a service review, and then updated as the policy or review develops. EIAs must be undertaken when it is possible for the findings to inform the final decision.

### SECTION 1:

<b>Title</b>	<b>1.69 - Review of Corporate Services, pay and non-pay budgets</b>
<p>What are you analysing?</p> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit?</li> <li>• Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	<p>Corporate Services will review pay and non-pay budgets to understand key cost drivers, establish efficiencies to increase value for money (VFM) and realise cashable savings.</p> <p>We will also review vacancies that are generated in year and evaluate any posts that can be closed and identify headroom in pay budgets created from staff turnover.</p> <p>We will also undertake a review of the Matrix contract to increase the management charge and increase VFM from training courses.</p>
<p>Details of the lead person completing the screening/EIA</p>	<p>Full Name: Sophie Khan</p> <p>Position: Business and Performance Manager</p> <p>Directorate: Corporate Services</p> <p>Contact Details:  <a href="mailto:skhan@westminster.gov.uk">skhan@westminster.gov.uk</a>            020 7641 3415</p>
<p>Date sent to  <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a></p>	<p>22<sup>nd</sup> May 2018</p>
<p>Version number and date of update</p>	<p><b>V1 16<sup>th</sup> May 2018</b></p>
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<p><b>2.1</b></p>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li><i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li><i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>														
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<p><b>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</b></p>	<p><i>If yes, provide details.</i></p>														

**2.3 Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.** *If yes, provide details.*

**2.4 Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?**

	None	Positive	Negative	Not sure
Men or women	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disabled <sup>9</sup> people (consider different types of physical, learning or mental disabilities)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People in particular age groups (consider in particular children, under 21s and over 65s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Impact due to pregnancy/ maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.**

<sup>9</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

2.5	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
2.6	<b>Provide brief reasons on how have you come to this decision?</b>
	<b>This proposal does not have the potential to disproportionately impact on people with a protected characteristic</b>

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men					X		
	Women					X		
Race	White					X		
	Mixed/Multiple ethnic groups					X		
	Asian/Asian British					X		
	Black/African/Caribbean/Black British					X		
	Gypsies / travellers					X		
	Other ethnic group					X		
Disability	Physical					X		
	Sensory					X		
	Learning Difficulties					X		
	Learning Disabilities					X		
	Mental Health					X		

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual					X		
<b>Age</b>	Older people (50+)					X		
	Younger people (16 - 25)					X		
<b>Gender Reassignment</b>						X		
<b>Impact due to pregnancy/maternity</b>						X		
<b>Groups with particular faiths and beliefs</b>						X		
<b>People on low incomes</b>						X		

**SECTION 4: ACTION PLAN**

<p><b>4.1</b></p>	<p>Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.</p> <p><i>Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.</i></p> <p><b>NB. Add any additional rows, if required.</b></p>						
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 206</p>	<p><b>Action Required</b></p>	<p><b>Equality Groups Targeted</b></p>	<p><b>Intended outcome</b></p>	<p><b>Resources Needed</b></p>	<p><b>Name of Lead, Unit &amp; Contact Details</b></p>	<p><b>Completion Date (DD/MM/YY)</b></p>	<p><b>RAG</b></p>
	<p><i>Enter additional rows if required</i></p>						

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....

**FULL NAME:** .....John Quinn .....

**DIRECTORATE:** .....Corporate Services.....

**EMAIL & TELEPHONE EXT:** ...jquinn2@westminster.gov.uk.....

**DATE (DD/MM/YYYY):** .....24<sup>th</sup> May 2018.....

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by ELT.**

All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)



## EQUALITY IMPACT ASSESSMENT TEMPLATE

**PLEASE ENSURE YOU READ THE GUIDANCE NOTES BEFORE COMPLETING THIS TEMPLATE**

Completing an EIA is the simplest way to demonstrate that the Council has considered the equality impacts of its decisions and it reduces the risk of legal challenge. EIAs should be carried out at the earliest stages of policy development or a service review, and then updated as the policy or review develops. EIAs must be undertaken when it is possible for the findings to inform the final decision.

### SECTION 1:

Title	3.20 – Review of Contracts
<p>What are you analysing?</p> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	<p>The following analysis is based on savings proposals that form part of the broader “Adult Social Care Commissioning Programme”.</p> <p>This proposals is associated with commissioned longer term care and support services and therefore were brought together into one overarching programme.</p> <p>The core aim of the programme is to deliver improved processes, better outcomes that maximise independence, more choice and personalised services.</p> <p>This supports Adult Social Care’s statutory duties under the Care Act 2014, whereby ASC is required to meet eligible needs under the national eligibility criteria.</p> <p>The underpinning business case for this work is based on the aim that we can continue to improve the quality of life that customers with eligible needs have and make a moderate level of continued savings by taking this approach.</p> <p>The programme incorporates the following projects and work streams. The initial position on EIA considerations is set out for each, however this is a preliminary assessment and there is a need for further analysis to manage equality in provisions with the constraints of the budget pressures to minimise risks. Where applicable proposals will have a final Impact Assessment, with input from residents, service users, and carers, undertaken prior to mobilisation in order to eliminate the potential for unlawful discrimination.</p> <p><b>MTP Ref.            Summary</b></p> <p><b>3.20    Review of Contracts</b></p>

	<p>Strategic review of contracts across Adult Social Care to identify opportunities as part of the recommissioning cycle to deliver savings, whilst ensuring that providers are delivering effective, efficient services that deliver good outcomes.</p> <p>The review will be finalised in March 2019 and will be making recommendations around streamlining of contracts to deliver efficiencies and opportunities over the next financial year where there maybe potential opportunities to merge contracts that will result in lower costs.</p> <p>This will form part of the BAU commissioning processes and governance structures.</p>
<p>Details of the lead person completing the screening/EIA</p>	<p>(viii) <b>Full Name:</b> Chris Greenway</p> <p><b>(ii) Position:</b> Director of Integrated Commissioning</p> <p><b>(iii) Unit:</b> Adult Social Care</p> <p><b>(iii) Contact Details:</b> <a href="mailto:cgreenway@westminster.gov.uk">cgreenway@westminster.gov.uk</a></p>
<p>Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a></p>	
<p>Version number and date of update</p>	<p>V04 16-SEP-18</p>
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<p>2.1</p>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li><i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li><i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>
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These proposals may impact individuals who currently access Adult Social Care. Further analysis and monitoring will be required to understand the extent of the impact of each proposal as the project is scoped. A final EIA will be completed in March 2019 as part of the Project, based on any recommendations that may have impacts on individuals.

At this stage it is not known what this impact will be and what particular contracts this may relate to as this will be part of the recommendations. Monitoring will continue throughout the lifecycle of the project.

It should be noted that access to services is determined by national guidance under the Care Act 2014. None of these proposals will change who is eligible for services from Adult Social Care.

The following is based on all people who have an adult social care package at 31 March 2018.

<p>How many people use the service currently? What is this as a % of Westminster's population?</p>	<p>5,065 people access social care services representing 2.09% of the population <i>(based on the 2016 JSNA estimated Westminster resident population of 241,783)</i></p>																									
<p>Gender</p>	<table border="1" data-bbox="719 1016 1453 1240"> <thead> <tr> <th>Gender</th> <th>Numbers</th> <th>%</th> <th>WCC Population</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Female</td> <td>2,794</td> <td>55.16%</td> <td>116,721</td> <td>48.28%</td> </tr> <tr> <td>Male</td> <td>2,257</td> <td>44.56%</td> <td>125,062</td> <td>51.72%</td> </tr> <tr> <td>Unknown</td> <td>14</td> <td>0.28%</td> <td></td> <td></td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>5,065</b></td> <td><b>100%</b></td> <td><b>241,783</b></td> <td><b>100.00%</b></td> </tr> </tbody> </table> <p>As per the JSNA, the gender split in Westminster is unusual, with more men than women. This is particularly the case in the 25-50 year old age groups, but there are more women in the 50+ groups. This is reflected in the breakdown of people with Adult Social Care packages, where the number of men with a package is 44.56% vs a population of 51.72%.</p> <p>As we do not currently collect data on gender identity/ reassignment on any of our social surveys, research and engagement (as part of additional EIA development and ongoing monitoring) will be undertaken to ensure there is no disproportionate impact on this protected characteristic.</p>	Gender	Numbers	%	WCC Population	%	Female	2,794	55.16%	116,721	48.28%	Male	2,257	44.56%	125,062	51.72%	Unknown	14	0.28%			<b>TOTAL</b>	<b>5,065</b>	<b>100%</b>	<b>241,783</b>	<b>100.00%</b>
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		<table border="1" data-bbox="719 163 1299 392"> <tr> <td>Mixed / Multiple Ethnic Groups</td> <td>138</td> <td>2.72</td> </tr> <tr> <td>Other Ethnic Groups</td> <td>667</td> <td>13.17%</td> </tr> <tr> <td>Refused/not recorded</td> <td>291</td> <td>5.75%</td> </tr> <tr> <td><b>Total</b></td> <td><b>5,065</b></td> <td><b>100%</b></td> </tr> </table> <p data-bbox="719 432 1477 607">The percentage of BME's with an Adult Social Care package is 31% with the BME population making up 38% of the overall population (based on the 2011 Census). However it should be noted that there is 5.75% of people with a package who do not have Ethnicity recorded.</p>	Mixed / Multiple Ethnic Groups	138	2.72	Other Ethnic Groups	667	13.17%	Refused/not recorded	291	5.75%	<b>Total</b>	<b>5,065</b>	<b>100%</b>						
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	Sexual orientation	<p data-bbox="719 1368 1477 1648">It is not possible to know how many LGBT+ people live in the City of Westminster or indeed in the UK as no baseline data exists on this issue. In the absence of this data, it is generally estimated that between five and ten percent of the population identify as lesbian, gay or bisexual. This would mean that there were between 9,064 and 18,128 LGBT+ people living in the City of Westminster seven years ago, based on the most recent census data from Galop.</p>																		
	Age	<table border="1" data-bbox="719 1724 1370 2002"> <thead> <tr> <th>Age band</th> <th>WCC</th> </tr> </thead> <tbody> <tr> <td>Age 18-64</td> <td>2,282</td> </tr> <tr> <td>Age 65-74</td> <td>663</td> </tr> <tr> <td>Age 75-84</td> <td>952</td> </tr> <tr> <td>Age 85 and over</td> <td>1,168</td> </tr> <tr> <td><b>Total</b></td> <td><b>5,065</b></td> </tr> </tbody> </table>	Age band	WCC	Age 18-64	2,282	Age 65-74	663	Age 75-84	952	Age 85 and over	1,168	<b>Total</b>	<b>5,065</b>						
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<p><b>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</b></p>	<p>There is a disproportionate number of older people with Adult Social Care packages of care as compared with the general population, which is consistent with national trends, and can be attributed to older people having greater needs for care and support and aligns with national trends.</p> <p>Further work is required to gauge the impact of this work on Older People, and any other groups with protected characteristics, and will be included in project-specific Equality Impact Assessments, and updated/monitored through the commissioning, mobilisation and implementation phases.</p>																																																		
<p><b>2.3 Are there any groups with protected characteristics that are underrepresented in the monitoring</b></p>	<p>Initial demographics for Westminster indicate that the percentage of BME’s with an Adult Social Care package is 31% with the BME population making up 38% of the overall population (based on the 2011 Census). However it should be noted that there is 5.75% of people with a package who do not have Ethnicity recorded.</p> <p>A detailed analysis will be performed when recommendations are made to fully understand what, if any, impacts this work will have on BMEs or any other group impacted by this work.</p>																																																		

<p><b>information relative to their size of the population? If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.</b></p>	<p>This analysis will be included in a project-specific EIA and will be monitored/updated throughout the services' lifecycles.</p>																																																					
<p><b>2.4</b></p>	<p><b>Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?</b></p>																																																					
	<table border="1"> <thead> <tr> <th></th> <th>None</th> <th>Positive</th> <th>Negative</th> <th>Not sure</th> </tr> </thead> <tbody> <tr> <td>Men or women</td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)</td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Disabled<sup>10</sup> people (consider different types of physical, learning or mental disabilities)</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>People of particular sexual orientation/s</td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>People in particular age groups (consider in particular children, under 21s and over 65s)</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment</td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Impact due to pregnancy/ maternity</td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>People of particular faiths and beliefs</td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>People on low incomes</td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </tbody> </table> <p>This is a preliminary assessment, further analysis will be required when the recommendations are made from the reviews.</p>					None	Positive	Negative	Not sure	Men or women	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Disabled <sup>10</sup> people (consider different types of physical, learning or mental disabilities)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	People in particular age groups (consider in particular children, under 21s and over 65s)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Impact due to pregnancy/ maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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<sup>10</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

	<p>An updated EIA will be produced based on the recommendations of the review that will document any impacts and mitigation in further details.</p> <p>Impact Assessment, with input from residents, service users, and carers will be undertaken prior to mobilisation of any recommendations in order to eliminate the potential for unlawful discrimination.</p> <p><b>If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.</b></p>
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<b>2.5</b>	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>
<b>2.6</b>	<b>Provide brief reasons on how have you come to this decision?</b>
	<ul style="list-style-type: none"> <li>• Adult Social Care has statutory duties under the Care Act 2014 and is required to meet eligible needs under the national framework and criteria.</li> <li>• The proposals do not impact on individual’s eligibility for services and are designed to improved processes, provide more choice and personalised services that provide better outcomes that maximise independence.</li> <li>• The need to ensure that the actions that result from these proposals do not disproportionately impact users within any protected characteristics.</li> <li>• Central to these proposals is working with the wider care and support market to ensure we maximise value for money while providing services that deliver better outcomes.</li> <li>• As each of the recommendations made in the review are completed, a EIAs will be completed and be co-produced with residents, service users and carers.</li> </ul>

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men					✓		
	Women					✓		
Race	White					✓		
	Mixed/Multiple ethnic groups					✓		
	Asian/Asian British					✓		
	Black/African/Caribbean/Black British					✓		
	Gypsies / travellers					✓		
	Other ethnic group					✓		
Disability	Physical				✓		Further work is required to gauge the impact of this work on disability groups.  An updated EIA will be produced based on the recommendations of the review that will document	
	Sensory				✓			
	Learning Difficulties				✓			
	Learning Disabilities				✓			
	Mental Health				✓			

							any impacts and mitigation in further details.	
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Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual					✓		
<b>Age</b>	Older people (50+)				✓		Further work is required to gauge the impact of this work on older people.  An updated EIA will be produced based on the recommendations of the review that will document any impacts and mitigation in further details	
	Younger people (16 - 25)					✓		
<b>Gender Reassignment</b>						✓		
<b>Impact due to pregnancy/maternity</b>						✓		
<b>Groups with particular faiths and beliefs</b>						✓		
<b>People on low incomes</b>						✓		

**SECTION 4: ACTION PLAN**

**4.1** Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.

*Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.*

**NB. Add any additional rows, if required.**

Page 218	Action Required	Equality Groups Targeted	Intended outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG
	Produce an updated EIA as part of the review project based on the recommendations.	All	A better understanding of potential impacts, which can then be managed to ensure that no protected group is unfairly discriminated against.	To be confirmed	Paul Rackham, Head of Commissioning	31-MAR-18	Amber
	<i>Enter additional rows if required</i>						

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....

**FULL NAME:** .....

**UNIT:** .....

**EMAIL & TELEPHONE EXT:** .....

**DATE (DD/MM/YYYY):** .....

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

**All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**



## EQUALITY IMPACT ASSESSMENT TEMPLATE

**PLEASE ENSURE YOU READ THE GUIDANCE NOTES BEFORE COMPLETING THIS TEMPLATE**

Completing an EIA is the simplest way to demonstrate that the Council has considered the equality impacts of its decisions and it reduces the risk of legal challenge. EIAs should be carried out at the earliest stages of policy development or a service review, and then updated as the policy or review develops. EIAs must be undertaken when it is possible for the findings to inform the final decision.

### SECTION 1:

<p><b>Title</b></p>	<p>Adult Social Care – Funding (3.21 &amp; 3.26)</p>						
<p>What are you analysing?</p> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	<p>The core aim of the assessment and care management proposals is to deliver improved processes, better outcomes that maximise independence, more choice and personalised services.</p> <p>This supports Adult Social Care’s statutory duties under the Care Act 2014, whereby ASC is required to meet eligible needs under the national eligibility criteria.</p> <p>The underpinning business case for this work is based on the aim that we can continue to improve the quality of life that customers with eligible needs have and make a moderate level of continued savings by taking this approach.</p> <p>Based on the EIA considerations outlined below, it was determined that these two projects will not disproportionately impact any group with protected characteristics.</p> <p>The proposals are focused on the principles of the Care Act 2014 and ensuring the Adult Social Care supports people to be as independently as possible and internal policy and processes improvements.</p> <table border="1" data-bbox="715 1742 1401 2031"> <thead> <tr> <th>MTP Ref</th> <th>Proposal</th> </tr> </thead> <tbody> <tr> <td>3.21</td> <td>Promoting Independence</td> </tr> <tr> <td></td> <td>This proposal will aim to ensure that all packages of care and support are focused on keeping people as independent as possible and where ever possible in their own homes. This will include a focus on</td> </tr> </tbody> </table>	MTP Ref	Proposal	3.21	Promoting Independence		This proposal will aim to ensure that all packages of care and support are focused on keeping people as independent as possible and where ever possible in their own homes. This will include a focus on
MTP Ref	Proposal						
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	This proposal will aim to ensure that all packages of care and support are focused on keeping people as independent as possible and where ever possible in their own homes. This will include a focus on						

		all new cases to Adult Social Care and high cost packages and placements.
	3.26	Bi-borough Process and Policy Review  Proposal will build on the Standard Operating Procedures (SOPs) in Adult Social Care, by ensuring that they match business process and policies. This will include delivery of training on processes and policies and a focus on compliance.
Details of the lead person completing the screening/EIA	<p>(ix) <b>Full Name:</b> Stella Baillie</p> <p>(ii) <b>Position:</b> Director of Integrated Care</p> <p>(iii) <b>Unit:</b> Adult Social Care</p> <p>(iii) <b>Contact Details:</b> <a href="mailto:Stella.Baillie@rbkc.gov.uk">Stella.Baillie@rbkc.gov.uk</a></p>	
Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a>		
Version number and date of update	V01 23-AUG-18	
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>		

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<b>2.1</b>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li>• <i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li>• <i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>
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The following is based on the number of people that access social care services at 31 March 2018.

The proposals are focused on the principles of the Care Act 2014 and ensuring the Adult Social Care supports people to be as independently as possible and internal policy and processes improvements, the proposals are neither are expected to negatively impact any group with protected characteristics.

Monitoring will continue throughout the year to ensure this remains the case.

How many people use the service currently? What is this as a % of Westminster's population?	5,065 people access social care services representing 2.09% of the population <i>(based on the 2016 JSNA estimated Westminster resident population of 241,783)</i>
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Gender	<table border="1"> <thead> <tr> <th>Gender</th> <th>Numbers</th> <th>%</th> <th>WCC Population</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Female</td> <td>2,794</td> <td>55.16%</td> <td>116,721</td> <td>48.28%</td> </tr> <tr> <td>Male</td> <td>2,257</td> <td>44.56%</td> <td>125,062</td> <td>51.72%</td> </tr> <tr> <td>Unknown</td> <td>14</td> <td>0.28%</td> <td></td> <td></td> </tr> <tr> <td>TOTAL</td> <td>5,065</td> <td>100%</td> <td>241,783</td> <td>100.00%</td> </tr> </tbody> </table> <p>As per the JSNA, the gender split in Westminster is unusual, with more men than women. This is particularly the case in the 25-50 year old age groups, but there are more women in the 50+ groups. This is reflected in the breakdown of people with Adult Social Care packages, where the number of men with a package is 44.56% vs a population of 51.72%.</p> <p>As we do not currently collect data on gender identity/ reassignment on any of our social surveys, research and engagement (as part of additional EIA development and ongoing monitoring) will be undertaken to ensure there is no disproportionate impact on this protected characteristic.</p>	Gender	Numbers	%	WCC Population	%	Female	2,794	55.16%	116,721	48.28%	Male	2,257	44.56%	125,062	51.72%	Unknown	14	0.28%			TOTAL	5,065	100%	241,783	100.00%
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<p><b>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</b></p>	<p>The above numbers are 2016 estimates presented by the London Dataset, and indicate that in Westminster there is a lower percentage of individuals who list themselves as Christian, and a higher percentage of individuals who list themselves as Muslim as benchmarked against the rest of London.</p>					
<p><b>2.3 Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.</b></p>	<p>There is a disproportionate number of older people with Adult Social Care packages of care as compared with the general population, which is consistent with national trends, and can be attributed to older people having greater needs for care and support.</p> <p>These proposals are not expected to impact Older People or any other group with protected characteristics, and will be monitored to ensure this remains the case throughout the projects' lifecycle.</p> <p>Initial demographics for Westminster indicate that the percentage of BMEs with an Adult Social Care package is 31% with the BME population making up 38% of the overall population (based on the 2011 Census). However it should be noted that there is 5.75% of people with a package who do not have Ethnicity recorded.</p> <p>These proposals are not expected to impact BMEs or any other group with protected characteristics, and will be monitored to ensure this remains the case throughout the projects' lifecycle.</p>					
<p><b>2.4</b></p>	<p><b>Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?</b></p>					

	None	Positive	Negative	Not sure
Men or women	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disabled <sup>11</sup> people (consider different types of physical, learning or mental disabilities)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People in particular age groups (consider in particular children, under 21s and over 65s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Impact due to pregnancy/ maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.</b></p>				

<b>2.5</b>	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>2.6</b>	<b>Provide brief reasons on how have you come to this decision?</b>
	<ul style="list-style-type: none"> <li>Adult Social Care has statutory duties under the Care Act 2014 and is required to meet eligible needs under the national framework and criteria.</li> </ul>

<sup>11</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

	<ul style="list-style-type: none"><li>• The proposals do not impact on individual’s eligibility for services and are designed to improved processes, provide more choice and personalised services that provide better outcomes that maximise independence.</li><li>• The need to ensure that the actions that result from these proposals do not disproportionately impact users within any protected characteristics.</li><li>• Central to these proposals is working with the wider care and support market to ensure we maximise value for money while providing services that deliver better outcomes.</li></ul>
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**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men							
	Women							
Race	White							
	Mixed/Multiple ethnic groups							
	Asian/Asian British							
	Black/African/Caribbean/Black British							
	Gypsies / travellers							
	Other ethnic group							
Disability	Physical							
	Sensory							
	Learning Difficulties							
	Learning Disabilities							
	Mental Health							

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
Sexual Orientation	Lesbian, gay men, bisexual							
Age	Older people (50+)							
	Younger people (16 - 25)							
Gender Reassignment								
Impact due to pregnancy/maternity								
Groups with particular faiths and beliefs								
People on low incomes								

**SECTION 4: ACTION PLAN**

**4.1** Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.

*Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.*

**NB. Add any additional rows, if required.**

Page 229	Action Required	Equality Groups Targeted	Intended outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG
	<i>Enter additional rows if required</i>						

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....

**FULL NAME:** .....

**UNIT:** .....

**EMAIL & TELEPHONE EXT:** .....

**DATE (DD/MM/YYYY):** .....

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

**All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**



## EQUALITY IMPACT ASSESSMENT TEMPLATE

**PLEASE ENSURE YOU READ THE GUIDANCE NOTES BEFORE COMPLETING THIS TEMPLATE**

Completing an EIA is the simplest way to demonstrate that the Council has considered the equality impacts of its decisions and it reduces the risk of legal challenge. EIAs should be carried out at the earliest stages of policy development or a service review, and then updated as the policy or review develops. EIAs must be undertaken when it is possible for the findings to inform the final decision.

### SECTION 1:

Title	3.30 – Improved Market Management
<p>What are you analysing?</p> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	<p>The following analysis is based on savings proposals that form part of the broader “Adult Social Care Commissioning Programme”.</p> <p>These proposals are all associated with commissioned longer term care and support services and therefore were brought together into one overarching programme.</p> <p>The core aim of the programme is to deliver improved processes, better outcomes that maximise independence, more choice and personalised services.</p> <p>This supports Adult Social Care’s statutory duties under the Care Act 2014, whereby ASC is required to meet eligible needs under the national eligibility criteria.</p> <p>The underpinning business case for this work is based on the aim that we can continue to improve the quality of life that customers with eligible needs have and make a moderate level of continued savings by taking this approach.</p> <p>The programme incorporates the following projects and work streams. The initial position on EIA considerations is set out for each, however this is a preliminary assessment and there is a need for further analysis to manage equality in provisions with the constraints of the budget pressures to minimise risks. Where applicable proposals will have a final Impact Assessment, with input from residents, service users, and carers, undertaken prior to mobilisation in order to eliminate the potential for unlawful discrimination.</p> <p><b>MTP Ref.            Summary</b></p> <p><b>3.30    Improved Market Management</b></p>

	<p>Managing and shaping the market to ensure that we achieve greater value for money from providers. Build the local market to increase the number of services locally that will have the outcome of an increase people living independently.</p>
Details of the lead person completing the screening/EIA	<p>(x) <b>Full Name:</b> Chris Greenway</p> <p><b>(ii) Position:</b> Director of Integrated Commissioning</p> <p><b>(iii) Unit:</b> Adult Social Care</p> <p><b>(iii) Contact Details:</b> <a href="mailto:cgreenway@westminster.gov.uk">cgreenway@westminster.gov.uk</a></p>
Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a>	
Version number and date of update	V04 16-SEP-18
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

2.1	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li>• <i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li>• <i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>				
	<p>The following is based on the number of people that access social care services at 31 March 2018.</p> <p>The proposals are focused on the principles of the Care Act 2014 and ensuring the Adult Social Care supports people to be as independently as possible and internal policy and processes improvements, the proposals are neither are expected to negatively impact any group with protected characteristics.</p> <p>Monitoring will continue throughout the year to ensure this remains the case.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">How many people use the service currently?</td> <td>5,065 people access social care services representing 2.09% of the population</td> </tr> <tr> <td>What is this as a % of</td> <td></td> </tr> </table>	How many people use the service currently?	5,065 people access social care services representing 2.09% of the population	What is this as a % of	
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<p><b>2.4</b></p>	<p><b>Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?</b></p>

	None	Positive	Negative	Not sure
Men or women	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disabled <sup>12</sup> people (consider different types of physical, learning or mental disabilities)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People in particular age groups (consider in particular children, under 21s and over 65s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Impact due to pregnancy/ maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.</b></p>				

<b>2.5</b>	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>2.6</b>	<b>Provide brief reasons on how have you come to this decision?</b>
	<ul style="list-style-type: none"> <li>• Adult Social Care has statutory duties under the Care Act 2014 and is required to meet eligible needs under the national framework and criteria.</li> <li>• The proposals do not impact on individual’s eligibility for services and are designed to improved processes, provide more choice and personalised services that provide better outcomes that maximise independence.</li> </ul>

<sup>12</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

	<ul style="list-style-type: none"><li>• The need to ensure that the actions that result from these proposals do not disproportionately impact users within any protected characteristics.</li><li>• Central to these proposals is working with the wider care and support market to ensure we maximise value for money while providing services that deliver better outcomes.</li></ul>
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**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men							
	Women							
Race	White							
	Mixed/Multiple ethnic groups							
	Asian/Asian British							
	Black/African/Caribbean/ Black British							
	Gypsies / travellers							
	Other ethnic group							
Disability	Physical							
	Sensory							
	Learning Difficulties							
	Learning Disabilities							
	Mental Health							

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual							
<b>Age</b>	Older people (50+)							
	Younger people (16 - 25)							
<b>Gender Reassignment</b>								
<b>Impact due to pregnancy/maternity</b>								
<b>Groups with particular faiths and beliefs</b>								
<b>People on low incomes</b>								

**SECTION 4: ACTION PLAN**

<p><b>4.1</b></p>	<p>Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.</p> <p><i>Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.</i></p> <p><b>NB. Add any additional rows, if required.</b></p>
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**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....

**FULL NAME:** .....

**UNIT:** .....

**EMAIL & TELEPHONE EXT:** .....

**DATE (DD/MM/YYYY):** .....

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

**All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**



## EQUALITY IMPACT ASSESSMENT TEMPLATE

**PLEASE ENSURE YOU READ THE GUIDANCE NOTES BEFORE COMPLETING THIS TEMPLATE**

Completing an EIA is the simplest way to demonstrate that the Council has considered the equality impacts of its decisions and it reduces the risk of legal challenge. EIAs should be carried out at the earliest stages of policy development or a service review, and then updated as the policy or review develops. EIAs must be undertaken when it is possible for the findings to inform the final decision.

### SECTION 1:

<b>Title</b>	Adult Social Care – Funding (3.35 & 3.38)					
<p>What are you analysing?</p> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	<p>The following analysis is based on savings proposals that form part of the broader Adult Social Care Commissioning Programme.</p> <p>These proposals are all associated with commissioned longer term care and support services and therefore were brought together into one overarching programme.</p> <p>The core aim of the programme is to deliver improved processes, better outcomes that maximise independence, more choice and personalised services.</p> <p>This supports Adult Social Care’s statutory duties under the Care Act 2014, whereby ASC is required to meet eligible needs under the national eligibility criteria.</p> <p>The underpinning business case for this work is based on the aim that we can continue to improve the quality of life that customers with eligible needs have and make a moderate level of continued savings by taking this approach.</p> <p>The programme incorporates the following projects and work streams. Based on the EIA considerations outlined below, it was determined that these two funding projects will not disproportionately impact any group with protected characteristics.</p>					
	<table border="1"> <thead> <tr> <th data-bbox="718 1776 901 1821">MTP Ref</th> <th data-bbox="909 1776 1447 1821">Summary</th> </tr> </thead> <tbody> <tr> <td data-bbox="718 1827 901 2016">3.35</td> <td data-bbox="909 1827 1447 2016">                     Adult Social Care Levy                       Introduction of the discretionary additional council tax charge ‘the adult social care precept’ from 2017/18 which is to be used on a ring-fenced basis to                 </td> </tr> </tbody> </table>		MTP Ref	Summary	3.35	Adult Social Care Levy  Introduction of the discretionary additional council tax charge ‘the adult social care precept’ from 2017/18 which is to be used on a ring-fenced basis to
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		support delivery of adult social care services.
	3.38	Use of iBCF to protect Adult Social Care This represents part of the increase over and above the 2018/19 allocation of the grant funding which will prevent further reductions in the ASC Placements budget to meet adult social care needs and support the integration work between health and social services.
Details of the lead person completing the screening/EIA	<p>(xi) <b>Full Name:</b> Rachel Wigley</p> <p>(ii) <b>Position:</b> Director of Finance and Resources, Adult Social Care and Health</p> <p>(iii) <b>Unit:</b> Adult Social Care</p> <p>(iii) <b>Contact Details:</b> <a href="mailto:rwigley@westminster.gov.uk">rwigley@westminster.gov.uk</a></p>	
Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a>		
Version number and date of update	V03 31-MAY-18	
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>		

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

2.1	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li>• <i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li>• <i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>
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The following is based on the number of people that access social care services at 31 March 2018. Based on the Social Care Levy being charged to everyone in Westminster, and the IBCF used to protect social care, neither are expected to negatively impact any group with protected characteristics.  
Monitoring will continue throughout the year to ensure this remains the case.

How many people use the service currently?  
What is this as a % of Westminster's population?

5,065 people access social care services representing 2.09% of the population  
*(based on the 2016 JSNA estimated Westminster resident population of 241,783)*

Gender

Gender	Numbers	%	WCC Population	%
Female	2,794	55.16%	116,721	48.28%
Male	2,257	44.56%	125,062	51.72%
Unknown	14	0.28%		
TOTAL	5,065	100%	241,783	100.00%

As per the JSNA, the gender split in Westminster is unusual, with more men than women. This is particularly the case in the 25-50 year old age groups, but there are more women in the 50+ groups. This is reflected in the breakdown of people with Adult Social Care packages, where the number of men with a package is 44.56% vs a population of 51.72%.

As we do not currently collect data on gender identity/ reassignment on any of our social surveys, research and engagement (as part of additional EIA development and ongoing monitoring) will be undertaken to ensure there is no disproportionate impact on this protected characteristic.

Race

Ethnicity	WCC	Percentage
White	2,838	56.03%
Asian / Asian British / Chinese	343	6.77%
Black / African / Caribbean / Black British	788	15.56%
Mixed / Multiple Ethnic Groups	138	2.72
Other Ethnic Groups	667	13.17%
Refused/not recorded	291	5.75%
Total	5,065	100%

The percentage of BME's with an Adult Social Care package is 31% with the BME population making up 38% of the overall population (based on the 2011 Census). However it should be noted that there is 5.75% of people with a package who do not have Ethnicity recorded.

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	Sexual orientation	<p>It is not possible to know how many LGBT+ people live in the City of Westminster or indeed in the UK as no baseline data exists on this issue. In the absence of this data, it is generally estimated that between five and ten percent of the population identify as lesbian, gay or bisexual. This would mean that there were between 9,064 and 18,128 LGBT+ people living in the City of Westminster seven years ago, based on the most recent census data from Galop.</p>																																																					
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<p><b>2.4</b></p>	<p><b>Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?</b></p>

	None	Positive	Negative	Not sure
Men or women	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disabled <sup>13</sup> people (consider different types of physical, learning or mental disabilities)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.**

<b>2.5</b>	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
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	<ul style="list-style-type: none"> <li>Adult Social Care has statutory duties under the Care Act 2014 and is required to meet eligible needs under the national framework and criteria.</li> </ul>

<sup>13</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

	<ul style="list-style-type: none"><li>• The proposals do not impact on individual’s eligibility for services and are designed to improved processes, provide more choice and personalised services that provide better outcomes that maximise independence.</li><li>• The need to ensure that the actions that result from these proposals do not disproportionately impact users within any protected characteristics.</li><li>• Central to these proposals is working with the wider care and support market to ensure we maximise value for money while providing services that deliver better outcomes.</li></ul>
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**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men							
	Women							
Race	White							
	Mixed/Multiple ethnic groups							
	Asian/Asian British							
	Black/African/Caribbean/ Black British							
	Gypsies / travellers							
	Other ethnic group							
Disability	Physical							
	Sensory							
	Learning Difficulties							
	Learning Disabilities							
	Mental Health							

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual							
<b>Age</b>	Older people (50+)							
	Younger people (16 - 25)							
<b>Gender Reassignment</b>								
<b>Impact due to pregnancy/maternity</b>								
<b>Groups with particular faiths and beliefs</b>								
<b>People on low incomes</b>								

**SECTION 4: ACTION PLAN**

<p><b>4.1</b></p>	<p>Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.</p> <p><i>Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.</i></p> <p><b>NB. Add any additional rows, if required.</b></p>						
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 251</p>	<p><b>Action Required</b></p>	<p><b>Equality Groups Targeted</b></p>	<p><b>Intended outcome</b></p>	<p><b>Resources Needed</b></p>	<p><b>Name of Lead, Unit &amp; Contact Details</b></p>	<p><b>Completion Date (DD/MM/YY)</b></p>	<p><b>RAG</b></p>
	<p><i>Enter additional rows if required</i></p>						

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....

**FULL NAME:** .....

**UNIT:** .....

**EMAIL & TELEPHONE EXT:** .....

**DATE (DD/MM/YYYY):** .....

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

**All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**



## EQUALITY IMPACT ASSESSMENT TEMPLATE

### PLEASE ENSURE YOU READ THE GUIDANCE NOTES BEFORE COMPLETING THIS TEMPLATE

Completing an EIA is the simplest way to demonstrate that the Council has considered the equality impacts of its decisions and it reduces the risk of legal challenge. EIAs should be carried out at the earliest stages of policy development or a service review, and then updated as the policy or review develops. EIAs must be undertaken when it is possible for the findings to inform the final decision.

#### SECTION 1:

Title	3.39 – Public Health 2019/20 Budget Changes
<p>What are you analysing?</p> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	<p>The commissioning budget for Public Health in 2019/20 shows a reduction in the cost of commissioned services, based upon wrapping smaller contracts as they expire into larger contracts, reprocurring contracts to generate savings, and recognising lower cost where demand has been lower than expectations.</p> <p>These changes have been factored in at the procurement stage and reflect our need for suppliers to continually seek efficiencies without affecting the service to residents.</p> <p>The savings are part of the long-term financial management of Public Health and will ensure that the service continues to deliver excellent services whilst addressing the environment of reducing income.</p>
Details of the lead person completing the screening/EIA	<p>(xii) Full Name: Gaynor Driscoll</p> <p>(ii) Position: Head of Commissioning</p> <p>(iii) Unit: Adults' Social Care and Public Health</p> <p>(iii) Contact Details: <a href="mailto:gaynor.driscoll@rbkc.gov.uk">gaynor.driscoll@rbkc.gov.uk</a></p>
Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a>	11 <sup>th</sup> September 2018
Version number and date of update	V2
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<p><b>2.1</b></p>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li><i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li><i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>														
	<table border="1"> <tr> <td data-bbox="497 857 938 1003">How many people use the service currently? What is this as a % of Westminster’s population?</td> <td data-bbox="941 857 1481 1003">Borough-wide, open-access services.</td> </tr> <tr> <td data-bbox="497 1008 938 1093">Gender</td> <td data-bbox="941 1008 1481 1093"></td> </tr> <tr> <td data-bbox="497 1097 938 1182">Race</td> <td data-bbox="941 1097 1481 1182"></td> </tr> <tr> <td data-bbox="497 1187 938 1272">Disability</td> <td data-bbox="941 1187 1481 1272"></td> </tr> <tr> <td data-bbox="497 1276 938 1384">Sexual orientation</td> <td data-bbox="941 1276 1481 1384"></td> </tr> <tr> <td data-bbox="497 1388 938 1473">Age</td> <td data-bbox="941 1388 1481 1473"></td> </tr> <tr> <td data-bbox="497 1478 938 1563">Religion or belief</td> <td data-bbox="941 1478 1481 1563"></td> </tr> </table>	How many people use the service currently? What is this as a % of Westminster’s population?	Borough-wide, open-access services.	Gender		Race		Disability		Sexual orientation		Age		Religion or belief	
How many people use the service currently? What is this as a % of Westminster’s population?	Borough-wide, open-access services.														
Gender															
Race															
Disability															
Sexual orientation															
Age															
Religion or belief															
<p><b>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</b></p>	<p>Services are offered universally, with specific services actively targeting individuals with protected characteristics. As no services will be cut or reduced, there is no adverse impact to any of these groups.</p> <p>The proposals will have the following impacts upon groups and individuals with protected characteristics:</p> <p><b>Procurement and commissioning savings (PH1):</b>          These are mostly focused on services where activity is targeted at groups with protected characteristics such as disability, sexuality and gender. As no services are ending, there is no impact from the proposal.</p>														

	<p><b>Demand-driven savings (PH2):</b> The proposal is to reduce budgets that are not currently being used to provide services. The remaining budget is still in excess of the prior years' outturns and as such, there will be no reduction in service, nor any adverse equalities impacts.</p> <p><b>Ending time-limited activity (PH3):</b> Proposals to end time-limited activity will move pilot activity into spare capacity within other existing contracts, leading to a cash saving, but with there being no ending of services for Westminster residents. This will therefore not lead to any adverse impacts for any groups and individuals with protected characteristics.</p>				
2.3 Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? <i>If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.</i>	Under-representation is highly unlikely, as many services are specifically targeted at groups where there is real need.				
2.4	Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?				
		<b>None</b>	<b>Positive</b>	<b>Negative</b>	<b>Not sure</b>
	Men or women	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disabled <sup>14</sup> people (consider different types of physical, learning or mental disabilities)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	People in particular age groups (consider in particular children, under 21s and over 65s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Impact due to pregnancy/ maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<sup>14</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.**

<b>2.5</b>	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>2.6</b>	<b>Provide brief reasons on how have you come to this decision?</b>
	There are no negative or unclear equalities implications arising from the savings.

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men							
	Women							
Race	White							
	Mixed/Multiple ethnic groups							
	Asian/Asian British							
	Black/African/Caribbean/Black British							
	Gypsies / travellers							
	Other ethnic group							
Disability	Physical							
	Sensory							
	Learning Difficulties							
	Learning Disabilities							
	Mental Health							

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual							
<b>Age</b>	Older people (50+)							
	Younger people (16 - 25)							
<b>Gender Reassignment</b>								
<b>Impact due to pregnancy/maternity</b>								
<b>Groups with particular faiths and beliefs</b>								
<b>People on low incomes</b>								

**SECTION 4: ACTION PLAN**

<p><b>4.1</b></p>	<p>Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.</p> <p><i>Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.</i></p> <p><b>NB. Add any additional rows, if required.</b></p>						
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 259</p>	<p><b>Action Required</b></p>	<p><b>Equality Groups Targeted</b></p>	<p><b>Intended outcome</b></p>	<p><b>Resources Needed</b></p>	<p><b>Name of Lead, Unit &amp; Contact Details</b></p>	<p><b>Completion Date (DD/MM/YY)</b></p>	<p><b>RAG</b></p>
	<p><i>Enter additional rows if required</i></p>						

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....G Driscoll.....

**FULL NAME:** .....Gaynor Driscoll.....

**UNIT:** .....Public Health.....

**EMAIL & TELEPHONE EXT:** .....Gaynor.driscoll@rbkc.gov.uk.....

**DATE (DD/MM/YYYY):** .....11/09/2018.....

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

**All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**



## EQUALITY IMPACT ASSESSMENT TEMPLATE

### PLEASE ENSURE YOU READ THE GUIDANCE NOTES BEFORE COMPLETING THIS TEMPLATE

Completing an EIA is the simplest way to demonstrate that the Council has considered the equality impacts of its decisions and it reduces the risk of legal challenge. EIAs should be carried out at the earliest stages of policy development or a service review, and then updated as the policy or review develops. EIAs must be undertaken when it is possible for the findings to inform the final decision.

#### SECTION 1:

<b>Title</b>	8.22 – Review of Grant Utilisation in Children's Services
<p>What are you analysing?</p> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	<p>Working with Public Health (PH) colleagues to review 0-25 preventative service offer to ensure that eligible services with public health outcomes are attributed against grant funding where feasible. Services (including early help) with a value of £446k have been identified. Public Health have confirmed that there is £446k earmarked for this purpose for which grant will be allocated to Children's Services.</p> <p>Underpinning this is a joint service commitment between Public Health, Family Services and the CCG to examine the whole systems approach to align service provision for children and young people from 0-25 (including SEND). The initial focus will explore 0-5 services in relation to Health Visiting, School Health (Nursing), Early Help and Early Years.</p> <p>Savings will be delivered without a change to service delivery and as such there will be no EIA implications and a full EIA will not be required.</p>
Details of the lead person completing the screening/EIA	<p>(xiii) Full Name: Annabel Saunders</p> <p>(ii) Position: Assistant Director of Integrated Commissioning</p> <p>(iii) Unit: Children's Services</p> <p>(iii) Contact Details: <a href="mailto:Annabel.Saunders@rbkc.gov.uk">Annabel.Saunders@rbkc.gov.uk</a></p>
Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a>	04/09/2018
Version number and date of update	3 – 02/09/2018
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have</i></p>	

*considered equality throughout the process. However only the most updated version will be saved in the Equalities SharePoint folder.*

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<p><b>2.1</b></p>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li><i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li><i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>														
	<table border="1"> <tr> <td data-bbox="507 824 938 965">How many people use the service currently? What is this as a % of Westminster’s population?</td> <td data-bbox="938 824 1481 965">NA</td> </tr> <tr> <td data-bbox="507 965 938 1055">Gender</td> <td data-bbox="938 965 1481 1055">NA</td> </tr> <tr> <td data-bbox="507 1055 938 1144">Race</td> <td data-bbox="938 1055 1481 1144">NA</td> </tr> <tr> <td data-bbox="507 1144 938 1234">Disability</td> <td data-bbox="938 1144 1481 1234">NA</td> </tr> <tr> <td data-bbox="507 1234 938 1346">Sexual orientation</td> <td data-bbox="938 1234 1481 1346">NA</td> </tr> <tr> <td data-bbox="507 1346 938 1435">Age</td> <td data-bbox="938 1346 1481 1435">NA</td> </tr> <tr> <td data-bbox="507 1435 938 1525">Religion or belief</td> <td data-bbox="938 1435 1481 1525">NA</td> </tr> </table>	How many people use the service currently? What is this as a % of Westminster’s population?	NA	Gender	NA	Race	NA	Disability	NA	Sexual orientation	NA	Age	NA	Religion or belief	NA
How many people use the service currently? What is this as a % of Westminster’s population?	NA														
Gender	NA														
Race	NA														
Disability	NA														
Sexual orientation	NA														
Age	NA														
Religion or belief	NA														
<p><b>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</b></p>	<p><i>No</i></p>														

**2.3** Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? *If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.* **No**

**2.4** Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?

	None	Positive	Negative	Not sure
Men or women	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disabled <sup>15</sup> people (consider different types of physical, learning or mental disabilities)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People in particular age groups (consider in particular children, under 21s and over 65s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Impact due to pregnancy/ maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.**

<sup>15</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

2.5	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
2.6	<b>Provide brief reasons on how have you come to this decision?</b>
	The proposed savings are around improving service provision through maximising commissioning potentials as an organisation to reduce duplication.

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men					X		
	Women					X		
Race	White					X		
	Mixed/Multiple ethnic groups					X		
	Asian/Asian British					X		
	Black/African/Caribbean/Black British					X		
	Gypsies / travellers					X		
	Other ethnic group					X		
Disability	Physical					X		
	Sensory					X		
	Learning Difficulties					X		
	Learning Disabilities					X		
	Mental Health					X		

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual					X		
<b>Age</b>	Older people (50+)					X		
	Younger people (16 - 25)					x		
<b>Gender Reassignment</b>						X		
<b>Impact due to pregnancy/maternity</b>						x		
<b>Groups with particular faiths and beliefs</b>						X		
<b>People on low incomes</b>						X		

**SECTION 4: ACTION PLAN**

**4.1** Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.

*Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.*

**NB. Add any additional rows, if required.**

Page 268	Action Required	Equality Groups Targeted	Intended outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG
	None NA						
	<i>Enter additional rows if required</i>						

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....

**FULL NAME:** Annabel Saunders

**UNIT:** Children's Services

**EMAIL & TELEPHONE EXT:** [Annabel.Saunders@rbkc.gov.uk](mailto:Annabel.Saunders@rbkc.gov.uk)

**DATE (DD/MM/YYYY):** 29/06/2018

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

**All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**



## EQUALITY IMPACT ASSESSMENT TEMPLATE

**PLEASE ENSURE YOU READ THE GUIDANCE NOTES BEFORE COMPLETING THIS TEMPLATE**

Completing an EIA is the simplest way to demonstrate that the Council has considered the equality impacts of its decisions and it reduces the risk of legal challenge. EIAs should be carried out at the earliest stages of policy development or a service review, and then updated as the policy or review develops. EIAs must be undertaken when it is possible for the findings to inform the final decision.

### SECTION 1:

Title	8.23 – Collaborative Commissioning
<p>What are you analysing?</p> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	<p><b>Collaborative Commissioning</b> - This work is focused on two key areas. The first is the Emotional Wellbeing and Mental Health and CAMHS offer to schools, and is seeking to work with schools on the development of a whole school model of mental health and wellbeing support for children and young people. By collaborating with schools through a whole school, shared commissioning model the expectation is that value for money will be achieved and that provision will be made more accessible. In addition, adopting a strategic approach to shared commissioning and delivery will help to improve the consistency of the mental health and wellbeing offer available to children and young people. It is expected that school age children accessing tier 1 and 2 emotional wellbeing and mental health services will benefit from these changes.</p> <p>The second area will look at addressing contractual inefficiencies from existing related contracts. This includes a block contract arrangements and the deployment of seconded posts into Council teams. This will not adversely impact on front line delivery and will be delivered through contractual efficiencies.</p> <p>This EIA is draft and will be updated following consultation with schools in December 2018.</p>
<p>Details of the lead person completing the screening/EIA</p>	<p>(xiv) Full Name: Annabel Saunders</p> <p>(ii) Position: Assistant Director of Commissioning</p> <p>(iii) Unit: Children's Services</p> <p>(iii) Contact Details: <a href="mailto:Annabel.Saunders@rbkc.gov.uk">Annabel.Saunders@rbkc.gov.uk</a></p>

Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a>	04/09/2018
Version number and date of update	3 – 02/09/2018
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<b>2.1</b>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li>• <i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li>• <i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>	
	<p>How many people use the service currently? What is this as a % of Westminster’s population?</p>	<p>4,466 aged 0 to 18 years are estimated to have a mental health condition, this represent 19% of the overall population.</p> <p>Of these c. 37% will require interventions at tiers 2 and 3 and 60% will be met via universal settings (such as primary care, school nursing, health visiting and schools).</p> <p>ONS 2016</p>
	<p>Gender</p>	<p>49% female, 51% male</p>
	<p>Race</p>	<p>Based on 2011 Census total population, the main ethnic group in Westminster was White: British which make up 35% of the City population. This lower than the London proportion of 45%.</p> <p>38% of Westminster residents are from non-white ethnic groups.</p> <p>The majority of residents were born outside of the UK (53%).</p> <p>The 3 main places outside of the UK where residents were born are:</p> <ul style="list-style-type: none"> <li>• EU countries (14%)</li> <li>• Middle East (7%)</li> <li>• North America (4%)</li> </ul> <p>Other than English (which is spoken by 69%of the Westminster population aged 3 and over), the other main languages are:</p> <ul style="list-style-type: none"> <li>• Arabic</li> <li>• French</li> <li>• Spanish</li> <li>• Italian</li> </ul>

	<ul style="list-style-type: none"> <li>Portuguese</li> </ul> <p>Across Westminster households, 64% have English as a main language used by all residents aged 16 plus. 22% have no people in the household who have English as a first language (Census, 2011).</p>												
Disability	No information gathered in the 2011 Census												
Sexual orientation	No information gathered in the 2011 Census												
Age	<table border="1"> <tr> <td>0 to 4 years inclusive</td> <td>12,934</td> <td>27%</td> </tr> <tr> <td>5 to 10 years inclusive</td> <td>16,467</td> <td>35%</td> </tr> <tr> <td>11 to 15 years inclusive</td> <td>11,173</td> <td>24%</td> </tr> <tr> <td>16 to 18 inclusive</td> <td>6,785</td> <td>14%</td> </tr> </table>	0 to 4 years inclusive	12,934	27%	5 to 10 years inclusive	16,467	35%	11 to 15 years inclusive	11,173	24%	16 to 18 inclusive	6,785	14%
0 to 4 years inclusive	12,934	27%											
5 to 10 years inclusive	16,467	35%											
11 to 15 years inclusive	11,173	24%											
16 to 18 inclusive	6,785	14%											
Religion or belief	<p>45% of residents specified their religion as Christian (Census, 2011)</p> <p>Islam was the 2<sup>nd</sup> highest religion recorded. 18% of Westminster residents specified their religion as Islam. (Census, 2011)</p> <p>20% of residents have no religion specified.</p>												
<p><b>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</b></p>	<p><i>As this proposal is aimed at services in Children's Services, it will over-represent children and young people aged 0-25.</i></p> <p><i>A CAMHS need may represent a disability, this group will be over-represented.</i></p>												
<p><b>2.3 Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the service may not be accessible to all groups or there may be some form</b></p>	<p><i>If yes, provide details.</i></p> <p><i>As this proposal is aimed at services in Children's Services, it will under-represent people aged 26 and over.</i></p>												

<i>of direct or indirect discrimination occurring.</i>					
<b>2.4</b>	<b>Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?</b>				
		<b>None</b>	<b>Positive</b>	<b>Negative</b>	<b>Not sure</b>
	Men or women	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disabled <sup>16</sup> people (consider different types of physical, learning or mental disabilities)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	People in particular age groups (consider in particular children, under 21s and over 65s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Impact due to pregnancy/ maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.</b>					

<b>2.5</b>	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>	
	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
<b>2.6</b>	<b>Provide brief reasons on how have you come to this decision?</b>	

<sup>16</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

	<p>The proposals are subject to further engagement and consultation. Once these have been concluded in December 2018 there will be greater clarity about the potential impact or benefit from the related transformation work with schools. Prior to this there is some uncertainty around the impacts that it may have on the people with the protected characteristics which is marked as “unclear”. Following consultation and further development of the corresponding action plans this will either be re-assessed or a full EIA will be carried out.</p>
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**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men					X		
	Women					X		
Race	White					X		
	Mixed/Multiple ethnic groups					X		
	Asian/Asian British					X		
	Black/African/Caribbean/ Black British					X		
	Gypsies / travellers					X		
	Other ethnic group					X		
Disability	Physical					X		
	Sensory					X		
	Learning Difficulties					X		
	Learning Disabilities					X		
	Mental Health	TBD	TBD	TBD	TBD		The proposal will address early intervention in the MH and wellbeing offer to children and young people	

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
Sexual Orientation	Lesbian, gay men, bisexual					X		
Age	Older people (50+)					X		
	Younger people (16 - 25)	TBD	TBD	TBD	TBD	TBD	Improved services and more effective referrals through better partnership working and reducing demand for statutory interventions.	
Gender Reassignment						X		
Impact due to pregnancy/maternity						X		
Groups with particular faiths and beliefs						X		
People on low incomes						X		

**SECTION 4: ACTION PLAN**

**4.1** Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.

*Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.*

**NB. Add any additional rows, if required.**

Page 278	Action Required	Equality Groups Targeted	Intended outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG
	TBD						
	TBD						
	<i>Enter additional rows if required</i>						

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....

**FULL NAME:** Annabel Saunders

**UNIT:** Children's Services

**EMAIL & TELEPHONE EXT:** [Annabel.Saunders@rbkc.gov.uk](mailto:Annabel.Saunders@rbkc.gov.uk)

**DATE (DD/MM/YYYY):** 16/07/2018

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

**All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**

## EQUALITY IMPACT ASSESSMENT TEMPLATE

**PLEASE ENSURE YOU READ THE GUIDANCE NOTES BEFORE COMPLETING THIS TEMPLATE**

Completing an EIA is the simplest way to demonstrate that the Council has considered the equality impacts of its decisions and it reduces the risk of legal challenge. EIAs should be carried out at the earliest stages of policy development or a service review, and then updated as the policy or review develops. EIAs must be undertaken when it is possible for the findings to inform the final decision.

### SECTION 1:

Title	8.24 – Leaks and bottlenecks review
<p>What are you analysing?</p> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	<p><b>Placement Reduction</b> – Review of the placement strategy and better use of framework agreements to deliver more favorable unit costs for purchasing accommodation for children and improving the use of the in-house Fostering team.</p> <p><b>Traded Service Expansion</b> – Exploration of further opportunities to deliver additional traded service vehicles across Children's Services beyond Education.</p> <p><b>Forensic Contract Review</b> – A comprehensive review of all expenditure in contracts, non-pay and leaks/bottlenecks in placements to ensure efficiency is maximised whilst maintaining quality.</p> <p>This proposal is intended to benefit those accessing Children's Services by improving efficiency and process flow in the Department. As a result, the 0-18 group will be specifically targeted by this proposal along with 19-25 year olds meeting the requirements of the Children's Social Work Act 2017.</p> <p>The intended results are an increase in traded income to help fund front line, statutory services in the department; and improve economy, efficiency and effectiveness in the department's engagement with the provider marketplace to ensure maximum value for money. There is no expectation that the savings proposed will generate significant service alterations or cessations.</p>
Details of the lead person completing the screening/EIA	<p>(xv) Full Name: Andrew Tagg</p> <p>(ii) Position: Director of Operations and Programmes</p> <p>(iii) Unit: Children's Services</p> <p>(iii) Contact Details: <a href="mailto:Andrew.Tagg@rbkc.gov.uk">Andrew.Tagg@rbkc.gov.uk</a></p>
Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a>	02/07/2018
Version number and date of update	2 – 02/07/2018

*You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However only the most updated version will be saved in the Equalities SharePoint folder.*

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<b>2.1</b>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li>• <i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li>• <i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>															
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; padding: 5px;">How many people use the service currently? What is this as a % of Westminster’s population?</td> <td style="padding: 5px;">1,698 children in need at any one time in the year. With a total of 2,978 children in need during a financial year. This represents 4% of the Westminster 0 to 24 year old population (*2016 population estimates)</td> </tr> <tr> <td style="padding: 5px;">Gender</td> <td style="padding: 5px;">52% male, 45% female and 3% unborn</td> </tr> <tr> <td style="padding: 5px;">Race</td> <td style="padding: 5px;">67% from BME population</td> </tr> <tr> <td style="padding: 5px;">Disability</td> <td style="padding: 5px;">11% of the year end cohort had a disability.</td> </tr> <tr> <td style="padding: 5px;">Sexual orientation</td> <td style="padding: 5px;">Data on sexual orientation is currently not available but it is unlikely that this proposal will impact either positively or negatively on this protected characteristic.</td> </tr> <tr> <td style="padding: 5px;">Age</td> <td style="padding: 5px;">This project covers children and young people aged 0-25 but also their parents/ carers/ family members.</td> </tr> <tr> <td style="padding: 5px;">Religion or belief</td> <td style="padding: 5px;">2011 Census indicated the largest proportion of residents were Christian (46%), 18% were Muslim, 31% had no stated religion</td> </tr> </table>		How many people use the service currently? What is this as a % of Westminster’s population?	1,698 children in need at any one time in the year. With a total of 2,978 children in need during a financial year. This represents 4% of the Westminster 0 to 24 year old population (*2016 population estimates)	Gender	52% male, 45% female and 3% unborn	Race	67% from BME population	Disability	11% of the year end cohort had a disability.	Sexual orientation	Data on sexual orientation is currently not available but it is unlikely that this proposal will impact either positively or negatively on this protected characteristic.	Age	This project covers children and young people aged 0-25 but also their parents/ carers/ family members.	Religion or belief	2011 Census indicated the largest proportion of residents were Christian (46%), 18% were Muslim, 31% had no stated religion
How many people use the service currently? What is this as a % of Westminster’s population?	1,698 children in need at any one time in the year. With a total of 2,978 children in need during a financial year. This represents 4% of the Westminster 0 to 24 year old population (*2016 population estimates)															
Gender	52% male, 45% female and 3% unborn															
Race	67% from BME population															
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Sexual orientation	Data on sexual orientation is currently not available but it is unlikely that this proposal will impact either positively or negatively on this protected characteristic.															
Age	This project covers children and young people aged 0-25 but also their parents/ carers/ family members.															
Religion or belief	2011 Census indicated the largest proportion of residents were Christian (46%), 18% were Muslim, 31% had no stated religion															

<p><b>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</b></p>	<p><i>If yes, provide details.</i>                  Yes, groups in the age range 0-19 will be over-represented in the monitoring information as the proposal is within the directorate providing services to that specific age group.</p>			
<p><b>2.3 Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.</b></p>	<p><i>If yes, provide details.</i>                  Yes, the age group over 65 is underrepresented in this proposal as the directorate does not provide services to this group so by default they will be underrepresented.</p>			
<p><b>2.4 Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?</b></p>				
	<p><b>None</b></p>	<p><b>Positive</b></p>	<p><b>Negative</b></p>	<p><b>Not sure</b></p>
<p>Men or women</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>Disabled<sup>17</sup> people (consider different types of physical, learning or mental disabilities)</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>People of particular sexual orientation/s</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>People in particular age groups (consider in particular children, under 21s and over 65s)</p>	<p><input type="checkbox"/></p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>Impact due to pregnancy/ maternity</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>

<sup>17</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.**

<b>2.5</b>	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>2.6</b>	<b>Provide brief reasons on how have you come to this decision?</b>
	The proposed savings are around improving internal processes and maximising efficiency across the department. There is no expectation that services will cease, or substantially change/transform, as a result of the proposals.

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men					X		
	Women					X		
Race	White					X		
	Mixed/Multiple ethnic groups					X		
	Asian/Asian British					X		
	Black/African/Caribbean/Black British					X		
	Gypsies / travellers					X		
	Other ethnic group					X		
Disability	Physical					X		
	Sensory					X		
	Learning Difficulties					X		
	Learning Disabilities					X		
	Mental Health					X		

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual					X		
<b>Age</b>	Older people (50+)					X		
	Younger people (16 - 25)			X			Parents/guardians of children taking services from the department will know that the service is efficient and focussed on quality outcomes.	
<b>Gender Reassignment</b>						X		
<b>Impact due to pregnancy/maternity</b>						X		
<b>Groups with particular faiths and beliefs</b>						X		
<b>People on low incomes</b>						X		

**SECTION 4: ACTION PLAN**

**4.1** Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.

*Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.*

**NB. Add any additional rows, if required.**

Page 287	Action Required	Equality Groups Targeted	Intended outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG
	None						
	<i>Enter additional rows if required</i>						

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....

**FULL NAME:** Andrew Tagg

**UNIT:** Children's Services

**EMAIL & TELEPHONE EXT:** [Andrew.Tagg@rbkc.gov.uk](mailto:Andrew.Tagg@rbkc.gov.uk)

**DATE (DD/MM/YYYY):** 29/06/2018

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

**All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**



## EQUALITY IMPACT ASSESSMENT TEMPLATE

### PLEASE ENSURE YOU READ THE GUIDANCE NOTES BEFORE COMPLETING THIS TEMPLATE

Completing an EIA is the simplest way to demonstrate that the Council has considered the equality impacts of its decisions and it reduces the risk of legal challenge. EIAs should be carried out at the earliest stages of policy development or a service review, and then updated as the policy or review develops. EIAs must be undertaken when it is possible for the findings to inform the final decision.

#### SECTION 1:

<p><b>Title</b></p>	<p><b>4.18 – Housing Related Support.</b></p> <p>The activity covered by this EIA relates to the assessment of the impact of reducing funding for housing related support services for rough sleepers and single homeless people through reviewing how service levels can best be delivered, competitive procurement and renegotiating contract values of existing supported housing provision to provide services more efficiently. This is the second year of this savings proposal and several of the actions to deliver the reduced spend where put in place previously.</p>
<p><b>What are you analysing?</b></p> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	<p>The activity covered by this EIA relates to the commissioning of supported housing services for rough sleepers and other vulnerable groups including young homeless people, people with mental health problems and learning disabilities.</p> <p>Supported housing services commissioned by the Council are generally those that provide ‘housing related support’ linked to enabling vulnerable people to maintain their independence in the community. This includes:</p> <ul style="list-style-type: none"> <li>• 24 hour hostels for rough sleepers,</li> <li>• women’s refuges,</li> <li>• offender services,</li> <li>• sheltered housing for older people</li> <li>• housing services for people with mental health problems and learning disabilities.</li> </ul> <p>Thus there is a direct link between housing related support services and delivery of mainstream Adults, Children’s and Housing budgets e.g. delivering targets to reduce the use of residential care placements for people with mental health problems, learning disabilities and</p>

care leavers are dependent upon high quality supported housing services that are the subject of this report

### **Delivery of outcomes**

The level of acute housing related support need presented in particular by rough sleepers is unique in the country. This demand for such supported housing services in an area of acute housing shortage has required a dynamic approach to service commissioning and this is reflected in the achievements since 2003:

- Expanded choice by opening 19 new supported housing services, including two extra care housing services, a working person's accommodation service and services for people with physical disabilities and young people
- Completed 20 tender exercises for services that have expanded capacity, brought in innovation, improved service quality and performance and value for money

As part of delivering a balanced housing commissioning budget in 2019/20, an additional £50k of savings will be delivered through reduced spending on supported housing services. Contracts for services have been renegotiated following reviews of service provision to provide existing provision more efficiently without impacting upon front-line service delivery in terms of the vulnerability of individuals supported or the level of service provided.

The commissioning strategy is designed to continue the approach of investing in services whilst increasing the efficiency and performance of the sector whilst meeting Council's strategic goals. For example Westminster's commitment to ending rough sleeping remains and is key to delivering the government and Mayor's target to end rough sleeping through initiatives such as 'no second night out' and increased focus on prevention of a street lifestyle. Westminster continues to support delivery of these targets and initiatives through being a key part of the 'No Nights Sleeping Rough Taskforce'.

This is set out in detail in the Council's Rough Sleeping Strategy which is included as an appendix to this EIA and was the product of extensive consultation and sets out how rough sleeping is prevented, the vulnerable supported in partnership with a wide variety of different statutory and voluntary agencies and rough sleepers assisted off the streets to find accommodation.

	<p>The approach taken in reaching decisions to re-commission services and renegotiate contract values includes the following activities:</p> <ul style="list-style-type: none"> <li>• Value for money: Westminster’s approach has developed over time and has focused on reducing highest costs of services, the building’s capacity for improvements, assessing levels of support provided and the strategic relevance of services.</li> <li>• The Strategic need for the service</li> <li>• Information about presenting needs on each service area is gathered from a variety of primary and secondary, local and national sources, children and adult services and other official statistics. Based on this data any gaps or changes in presenting needs can be identified and these findings are used to inform future service development work in order to ensure that housing related support needs are met effectively across all the service areas.</li> </ul> <p>Outcomes Framework audit tool: Officers make use of the new quality assurance tool that has been developed in order to gauge a service’s effectiveness in a number of areas which include safety, support offered, reduction in need in key health metrics and value for money.</p>
<p>Details of the lead person completing the screening/EIA</p>	<p>(i) Full Name: Jenny Travassos</p> <p>(ii) Position: Head of Prevention</p> <p>(iii) Unit: Housing and Regeneration</p> <p>(iii) Contact Details: <a href="mailto:jtravassos@westminster.gov.uk">jtravassos@westminster.gov.uk</a></p>
<p>Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a></p>	
<p>Version number and date of update</p>	<p>Version 1: 6.9.18</p>
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

2.1	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li><i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li><i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>																																				
	<p>The following section summarises the use of supported housing services by those in acute housing and support need, in particular rough sleepers, on the basis of age, support need, race etc.</p> <p>Westminster saw a total of 2767 rough sleepers in 2016/17. The number reflects a large range of demographics and ethnicities, with a proportion being from specific countries in Central and Eastern Europe. The figures below reflect demographic data from 2014/15 and are derived from GLA commissioned figure from the CHAIN database (rough sleeper database).</p> <table border="1" data-bbox="408 1285 1513 2045"> <thead> <tr> <th><b><i>Ethnicity</i></b></th> <th><b><i>% of WCC's rough sleeping population</i></b></th> </tr> </thead> <tbody> <tr><td><i>White Other</i></td><td><i>35</i></td></tr> <tr><td><i>White Irish</i></td><td><i>3</i></td></tr> <tr><td><i>White British</i></td><td><i>30</i></td></tr> <tr><td><i>Gypsy/Romany/Irish Traveller</i></td><td><i>8</i></td></tr> <tr><td><i>Mixed: White &amp; Black Caribbean</i></td><td><i>1</i></td></tr> <tr><td><i>Mixed: White &amp; Black African</i></td><td><i>0</i></td></tr> <tr><td><i>Mixed: Other</i></td><td><i>2</i></td></tr> <tr><td><i>Black or Black British - other</i></td><td><i>2</i></td></tr> <tr><td><i>Black or Black British - Caribbean</i></td><td><i>1</i></td></tr> <tr><td><i>Black or Black British - African</i></td><td><i>5</i></td></tr> <tr><td><i>Asian or Asian British - Pakistani</i></td><td><i>0</i></td></tr> <tr><td><i>Asian or Asian British - other</i></td><td><i>1</i></td></tr> <tr><td><i>Asian or Asian British - Indian</i></td><td><i>0</i></td></tr> <tr><td><i>Asian or Asian British – Bangladeshi</i></td><td><i>0</i></td></tr> <tr><td><i>Arab</i></td><td><i>1</i></td></tr> <tr><td><i>Chinese</i></td><td><i>0</i></td></tr> <tr><td><i>Other</i></td><td><i>3</i></td></tr> </tbody> </table>	<b><i>Ethnicity</i></b>	<b><i>% of WCC's rough sleeping population</i></b>	<i>White Other</i>	<i>35</i>	<i>White Irish</i>	<i>3</i>	<i>White British</i>	<i>30</i>	<i>Gypsy/Romany/Irish Traveller</i>	<i>8</i>	<i>Mixed: White &amp; Black Caribbean</i>	<i>1</i>	<i>Mixed: White &amp; Black African</i>	<i>0</i>	<i>Mixed: Other</i>	<i>2</i>	<i>Black or Black British - other</i>	<i>2</i>	<i>Black or Black British - Caribbean</i>	<i>1</i>	<i>Black or Black British - African</i>	<i>5</i>	<i>Asian or Asian British - Pakistani</i>	<i>0</i>	<i>Asian or Asian British - other</i>	<i>1</i>	<i>Asian or Asian British - Indian</i>	<i>0</i>	<i>Asian or Asian British – Bangladeshi</i>	<i>0</i>	<i>Arab</i>	<i>1</i>	<i>Chinese</i>	<i>0</i>	<i>Other</i>	<i>3</i>
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*Refused*

6

Of the total people contacted on the streets, their support needs are categorised into three of the most prominent sets: drugs, alcohol and mental health.

\*please note people may identify with more than support need

please note people may identify with more than support need

<b>Support Need</b>	<b>% of people who identify area as their need</b>
<i>Alcohol</i>	37
<i>Drugs</i>	30
<i>Mental health</i>	47
<i>No alcohol, drugs or mental health support need identified</i>	25

*Over 74% of this population is transient and will move on or away from the streets after being contacted by a street outreach service.*

1074 people moved into supported housing services between January 2014 and January 2015. The table below provides a breakdown of the primary client groups of new referrals into services.

<b>Primary Client Group</b>	<b>%</b>
Older people with support needs	5%
Older people mental health	2%
Mental health problems	21%
Learning disabilities	1%
Physical or sensory disability	1%
Single homeless with support needs	20%
Alcohol misuse problems	2%
Drug misuse problems	3%
Offenders/at risk of offending	3%
Young people at risk	7%
Young people leaving care	2%
Teenage parents	1%
Rough Sleeper	13%
People at risk of domestic violence	7%
Generic/Complex needs	12%
<b>Total</b>	<b>100%</b>

#### **Age**

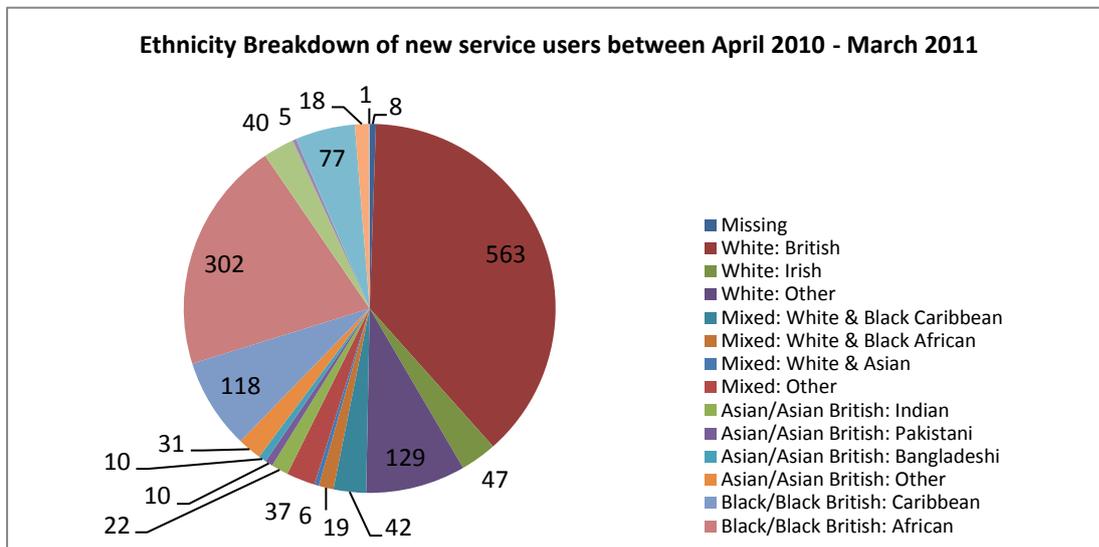
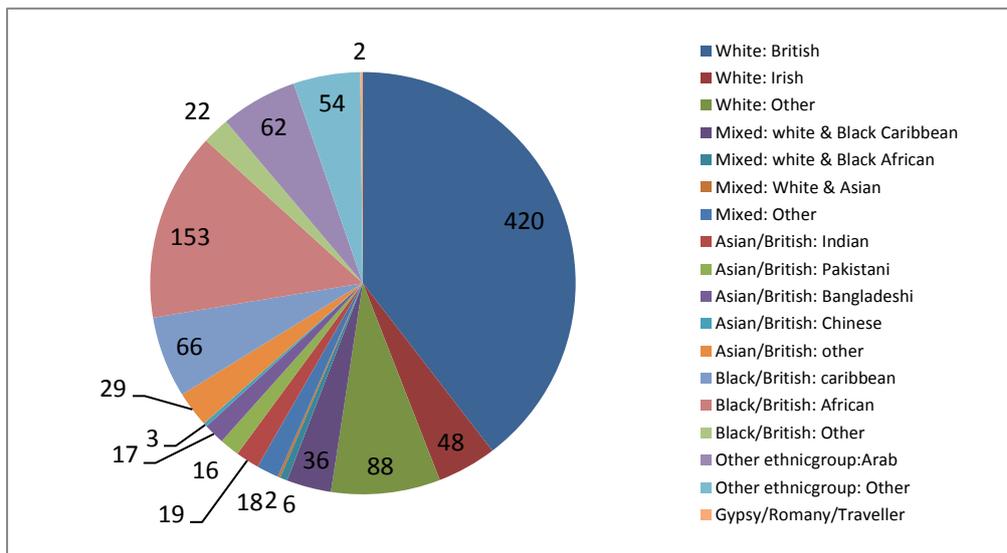
63% of residents were male, 19% were aged 16 to 24 years, 44% aged 25 to 45 years, and 31% aged 46 to 64 and 6% over aged 70.

#### **Disability**

30 % of residents moving into services recorded having a disability.

**Ethnicity**

The proportion of residents from a white ethnic background is just over 50% which is comparable to Westminster’s proportion of residents. The table below provides the ethnicity breakdown of new services users moving into supported housing schemes between January 2014 and January 2015.



**Income**

Of the 1074 clients, 487 are actively seeking employment.

<p><b>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? <i>If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</i></b></p>	<p>The breakdown above describes the groups that present with a need for rough sleeping and supported housing services and these services meet the needs of a broad range of vulnerable groups and will continue to be provided</p>				
<p><b>2.3 Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? <i>If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.</i></b></p>	<p>No, the data for Westminster is comparable to pan-London data (although the volumes are greater within Westminster.)</p>				
<p><b>2.4 Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?</b></p>					
		<p><b>None</b></p>	<p><b>Positive</b></p>	<p><b>Negative</b></p>	<p><b>Not sure</b></p>
<p>Men or women</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	
<p>People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	

Disabled <sup>1</sup> people (consider different types of physical, learning or mental disabilities)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People in particular age groups (consider in particular children, under 21s and over 65s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Impact due to pregnancy/ maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.**

<b>2.5</b>	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>2.6</b>	<b>Provide brief reasons on how have you come to this decision?</b>
	A wide range of housing related support services will continue to be available for all the range of protected groups, there will be no reduction in service availability for vulnerable groups and services will be provided more efficiently.

<sup>1</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men							
	Women							
Race	White							
	Mixed/Multiple ethnic groups							
	Asian/Asian British							
	Black/African/Caribbean/Black British							
	Gypsies / travellers							
	Other ethnic group							
Disability	Physical							
	Sensory							
	Learning Difficulties							
	Learning Disabilities							
	Mental Health							

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual							
<b>Age</b>	Older people (50+)							
	Younger people (16 - 25)							
<b>Gender Reassignment</b>								
<b>Impact due to pregnancy/maternity</b>								
<b>Groups with particular faiths and beliefs</b>								
<b>People on low incomes</b>								

## SECTION 4: ACTION PLAN

4.1							
<p>Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.</p> <p><i>Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.</i></p> <p><b>NB. Add any additional rows, if required.</b></p>							
Page 299	Action Required	Equality Groups Targeted	Intended outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG
	Ensure website information on availability of and access to supported housing service provision is up to date	All	Services are accessible	No additional resources	Jennifer Travassos Head of Prevention <a href="mailto:jtravassos@westminster.gov.uk">jtravassos@westminster.gov.uk</a>	complete	G
	Housing Commissioning teams will take into account and mitigate the possible negative impacts listed in 4.1 through the management of the different vulnerable housing pathways to ensure the needs of the vulnerable are effectively met	All	Has no negative impacts on equality groups  Has no negative impact on the numbers of rough sleepers presenting in Westminster  Has no impact on the number of homeless vulnerable people	No additional resources	Jennifer Travassos Head of Prevention <a href="mailto:jtravassos@westminster.gov.uk">jtravassos@westminster.gov.uk</a>	complete	G

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....

**FULL NAME:** .....

**UNIT:** .....

**EMAIL & TELEPHONE EXT:** .....

**DATE (DD/MM/YYYY):** .....

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

**All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**

<b>Title</b>
<b>4.19 - Growth Planning and Housing – 5% Vacancy Rate</b>
<p>What are you analysing?</p> <ul style="list-style-type: none"> <li>• What is the purpose of the policy/project/activity/strategy?</li> <li>• In what context will it operate?</li> <li>• Who is it intended to benefit?</li> <li>• What results are intended?</li> <li>• Why is it needed?</li> </ul>
<p>This proposal seeks to utilise the financial saving created by the time it takes to recruit new staff to positions across the Department. In 2017/18, a total of 37 staff left the department a turnover of 16.3%. On average it takes 2-3 months to recruit officers to these roles will leads to a financial saving on the salaries budget.</p>
<b>Details of the lead person completing the screening/EIA</b>
<p>(ii) Full Name: Stuart Reilly</p> <p>(ii) Position: Head of Service Development</p> <p>(iii) Unit: GPH</p> <p>(iii) Contact Details: 020 7641 3168</p> <p>(iv)</p>
<b>Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a></b>
14 June 2018
<b>Version number and date of update</b>
<b>1</b>

**SECTION 1: Initial screening: Do you need to complete an Equality Impact Assessment (EIA)?**

Not all proposals will require an EIA, this initial screening will help you decide if your project or policy requires a full EIA by looking at the potential impact on any equality groups.

1.1 Does the project, policy or proposal have the potential to disproportionately impact on any of the following groups? If so, is the impact positive or negative?				
	None	Positive	Negative	Not sure
Disabled people	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Particular ethnic groups	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Men or women (include impacts due to pregnancy/ maternity)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People or particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People who are proposing to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People in particular age groups	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Groups with particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are there any other groups that you think may be affected negatively or positively by this project, policy or proposal?		<input type="checkbox"/>	<input type="checkbox"/>	
<b>If the answer is “negative” or “unclear” consider doing a full EIA</b>				

<b>1.2</b>	<b>What do you think that the overall NEGATIVE impact on groups and communities will be?</b>					
	<table border="1"> <tr> <td data-bbox="285 327 844 371" style="text-align: center;"><b>None/ Minimal</b></td> <td data-bbox="852 327 1418 371" style="text-align: center;"><b>Significant</b></td> </tr> <tr> <td data-bbox="285 371 844 595" style="text-align: center;"> <input checked="" type="checkbox"/>                      None or minimal impact would be where there is no negative impact identified, or where there will be no change to the services for any groups.                 </td> <td data-bbox="852 371 1418 595" style="text-align: center;"> <input type="checkbox"/>                      Significant impact would be where there is an impact is identified that has substantial impact on any groups.                 </td> </tr> </table>	<b>None/ Minimal</b>	<b>Significant</b>	<input checked="" type="checkbox"/> None or minimal impact would be where there is no negative impact identified, or where there will be no change to the services for any groups.	<input type="checkbox"/> Significant impact would be where there is an impact is identified that has substantial impact on any groups.	<p><b>If the answer is “significant” consider doing a full EIA</b></p>
<b>None/ Minimal</b>	<b>Significant</b>					
<input checked="" type="checkbox"/> None or minimal impact would be where there is no negative impact identified, or where there will be no change to the services for any groups.	<input type="checkbox"/> Significant impact would be where there is an impact is identified that has substantial impact on any groups.					
<b>1.3</b>	<b>Using the screening information in questions 2.1 and 2.2, should a full EIA be carried out on the project, policy or proposal</b>					
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>					
<b>1.4</b>	<b>How have you come to this decision?</b>					
	The proposal has no direct impact on the services provided across the Department. Instead the proposal aims to utilise the budget saved through the natural turnover of staff during the financial year.					

## **EQUALITY IMPACT ASSESSMENT**

### **SECTION 2: BUILDING AN EVIDENCE BASE**

**2.1 Build up a picture of who uses/will use your service or facility and identify who are likely to be impacted by the proposal**

- If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.*
- A baseline of data is [available here](#)*

How many people use the service currently? What is this as a % of Westminster’s population?	
Age	
Disability	
Gender	
Race	
Religion or belief	
Sexual orientation	

**2.2 Are there any equality groups that are overrepresented in the monitoring information relative to their size of the population?** *If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service. Information about Westminster’s population is on the Equalities page on the WIRE.*

<b>2.3</b>	<b>Are there any equality groups that are underrepresented in the monitoring information relative to their size of the population?</b> <i>If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.</i>

### SECTION 3: ASSESSING THE IMPACT

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be.

<b>3.1</b>	<b>Consultation Information</b> <i>This section should record the consultation activity undertaken in relation to this project, policy or proposal</i>
<b>3.2</b>	<b>What might the potential impact on individuals or groups be?</b> <i>Consider disability, race, gender, sexual orientation, transgender, age, faith or belief and those on low incomes and other excluded individuals or groups</i>

## SECTION 4: REDUCING & MITIGATING IMPACT

As a result of what you have learned, what can you do to minimise the impact of the proposed changes on equality groups and other excluded / vulnerable groups, as outlined above?

<b>4.1</b>	<b>Where you have identified an impact, what can be done to reduce or mitigate the impact?</b> (Remember to think about the Council as a whole, another service area may already be providing services which can help to deal with any negative impact).													
	<p>Consider what actions can be put in place to remove or reduce your identified impact(s). Record all potential actions to show you have considered all options. Please note if no mitigating actions have been identified.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #F4C49E;"> <th style="width: 50%; padding: 5px;"><b>Column A – Issues or barriers, things to take into account</b></th> <th style="width: 50%; padding: 5px;"><b>Column B – what changes can be made to remove or reduce barriers or negative impacts</b> (Remember to think about the Council as a whole, another service area may already be providing services which can help to deal with any negative impact).</th> </tr> </thead> <tbody> <tr> <td style="height: 30px;"></td> <td></td> </tr> <tr> <td style="height: 30px;"></td> <td></td> </tr> </tbody> </table>		<b>Column A – Issues or barriers, things to take into account</b>	<b>Column B – what changes can be made to remove or reduce barriers or negative impacts</b> (Remember to think about the Council as a whole, another service area may already be providing services which can help to deal with any negative impact).										
<b>Column A – Issues or barriers, things to take into account</b>	<b>Column B – what changes can be made to remove or reduce barriers or negative impacts</b> (Remember to think about the Council as a whole, another service area may already be providing services which can help to deal with any negative impact).													
<b>4.2</b>	<b>Now that you have considered the potential or actual effect on equality, what action are you taking?</b>													
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 5%; text-align: center; vertical-align: top;"><input type="checkbox"/></td> <td style="width: 40%; padding: 5px;"><b>1. No major change (no impacts identified)</b></td> <td style="padding: 5px;">Your analysis demonstrates that the policy is robust and the evidence shows no potential for discrimination and you have taken all appropriate steps to advance equality &amp; foster good relations between groups.</td> </tr> <tr> <td style="text-align: center; vertical-align: top;"><input type="checkbox"/></td> <td style="padding: 5px;"><b>2. Adjust the policy</b></td> <td style="padding: 5px;">You will take steps to remove barriers or to better advance equality.</td> </tr> <tr> <td style="text-align: center; vertical-align: top;"><input type="checkbox"/></td> <td style="padding: 5px;"><b>3. Continue the policy (impacts identified)</b></td> <td style="padding: 5px;">You will adopt your proposal, despite any adverse effect provided you are satisfied that it does not unlawfully discriminate and it is justified.</td> </tr> <tr> <td style="text-align: center; vertical-align: top;"><input type="checkbox"/></td> <td style="padding: 5px;"><b>4. Stop and remove the policy</b></td> <td style="padding: 5px;">There are adverse effects that are not justified and cannot be mitigated. The policy is unlawfully discriminating.</td> </tr> </tbody> </table>		<input type="checkbox"/>	<b>1. No major change (no impacts identified)</b>	Your analysis demonstrates that the policy is robust and the evidence shows no potential for discrimination and you have taken all appropriate steps to advance equality & foster good relations between groups.	<input type="checkbox"/>	<b>2. Adjust the policy</b>	You will take steps to remove barriers or to better advance equality.	<input type="checkbox"/>	<b>3. Continue the policy (impacts identified)</b>	You will adopt your proposal, despite any adverse effect provided you are satisfied that it does not unlawfully discriminate and it is justified.	<input type="checkbox"/>	<b>4. Stop and remove the policy</b>	There are adverse effects that are not justified and cannot be mitigated. The policy is unlawfully discriminating.
<input type="checkbox"/>	<b>1. No major change (no impacts identified)</b>	Your analysis demonstrates that the policy is robust and the evidence shows no potential for discrimination and you have taken all appropriate steps to advance equality & foster good relations between groups.												
<input type="checkbox"/>	<b>2. Adjust the policy</b>	You will take steps to remove barriers or to better advance equality.												
<input type="checkbox"/>	<b>3. Continue the policy (impacts identified)</b>	You will adopt your proposal, despite any adverse effect provided you are satisfied that it does not unlawfully discriminate and it is justified.												
<input type="checkbox"/>	<b>4. Stop and remove the policy</b>	There are adverse effects that are not justified and cannot be mitigated. The policy is unlawfully discriminating.												
<b>4.3</b>	<b>Please document the reasons for your decision</b>													

**SECTION 5: ACTION PLAN**

*This section is for actions related any of the 9 protected characteristic: Age, Disability, Gender, Gender reassignment; Pregnancy & maternity, Race, Sexual Orientation or Religion/Belief*

<p><b>5.1</b></p> <p>Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.</p> <p><i>Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.</i></p> <p><b>NB. Add any additional rows, if required.</b></p>								
Page 307	<b>Action Required</b>	<b>Equality Groups Targeted</b>	<b>Intended outcome</b>	<b>Resources Needed</b>	<b>Name of Lead, Unit &amp; Contact Details</b>	<b>Completion Date (DD/MM/YY)</b>	<b>RAG</b>	

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** Stuart Reilly

**FULL NAME:** Stuart Reilly

**UNIT:** GPH

**EMAIL & TELEPHONE EXT:** sreilly@westminster.gov.uk

**DATE (DD/MM/YYYY):** 15 June 2018

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by 2 September 2016.**

**All completed EIAs should be sent to: [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**



## EQUALITY IMPACT ASSESSMENT TEMPLATE

**PLEASE ENSURE YOU READ THE GUIDANCE NOTES BEFORE COMPLETING THIS TEMPLATE**

Completing an EIA is the simplest way to demonstrate that the Council has considered the equality impacts of its decisions and it reduces the risk of legal challenge. EIAs should be carried out at the earliest stages of policy development or a service review, and then updated as the policy or review develops. EIAs must be undertaken when it is possible for the findings to inform the final decision.

### SECTION 1:

<b>Title</b>	<b>4.20 - City West Homes IT Efficiency Savings</b>
What are you analysing? <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	As part of the business transformation investment undertaken by CWH over the last few years efficiencies in their IT provision are expected for those services provided to Housing General Fund clients.
Details of the lead person completing the screening/EIA	(v) Full Name: <b>Stuart Reilly</b> (ii) Position: <b>Head of Service Development</b> (iii) Unit: <b>Growth, Planning and Housing</b> (iii) Contact Details: <b>020 7641 3168</b>
Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a>	<b>21 August 2018</b>
Version number and date of update	<b>Version 1</b>
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<p><b>2.1</b></p>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li><i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li><i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>								
	<table border="1"> <tr> <td data-bbox="507 819 938 958"> <p>How many people use the service currently? What is this as a % of Westminster’s population?</p> </td> <td data-bbox="946 819 1481 1518" rowspan="7"> <p>This proposal arises from adoption / utilisation of new IT systems over the past year within CWH. As a result, the current costs relating to the provision of this service have declined whilst the service provided will remain the same. As a consequence, there are no expected impacts upon key groups.</p> </td> </tr> <tr> <td data-bbox="507 965 938 1055"> <p>Gender</p> </td> </tr> <tr> <td data-bbox="507 1061 938 1151"> <p>Race</p> </td> </tr> <tr> <td data-bbox="507 1158 938 1247"> <p>Disability</p> </td> </tr> <tr> <td data-bbox="507 1254 938 1344"> <p>Sexual orientation</p> </td> </tr> <tr> <td data-bbox="507 1350 938 1440"> <p>Age</p> </td> </tr> <tr> <td data-bbox="507 1447 938 1518"> <p>Religion or belief</p> </td> </tr> </table>	<p>How many people use the service currently? What is this as a % of Westminster’s population?</p>	<p>This proposal arises from adoption / utilisation of new IT systems over the past year within CWH. As a result, the current costs relating to the provision of this service have declined whilst the service provided will remain the same. As a consequence, there are no expected impacts upon key groups.</p>	<p>Gender</p>	<p>Race</p>	<p>Disability</p>	<p>Sexual orientation</p>	<p>Age</p>	<p>Religion or belief</p>
<p>How many people use the service currently? What is this as a % of Westminster’s population?</p>	<p>This proposal arises from adoption / utilisation of new IT systems over the past year within CWH. As a result, the current costs relating to the provision of this service have declined whilst the service provided will remain the same. As a consequence, there are no expected impacts upon key groups.</p>								
<p>Gender</p>									
<p>Race</p>									
<p>Disability</p>									
<p>Sexual orientation</p>									
<p>Age</p>									
<p>Religion or belief</p>									
<p><b>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</b></p>	<p>Not applicable. See above.</p>								

**2.3** Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? *If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.*

Not applicable. See above.

**2.4** Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?

	None	Positive	Negative	Not sure
Men or women	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disabled <sup>2</sup> people (consider different types of physical, learning or mental disabilities)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People in particular age groups (consider in particular children, under 21s and over 65s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Impact due to pregnancy/ maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.**

<sup>2</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

2.5	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
2.6	<b>Provide brief reasons on how have you come to this decision?</b>
	The nature of this proposals means that there is no impact on any key groups.

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men					x		
	Women					x		
Race	White					x		
	Mixed/Multiple ethnic groups					x		
	Asian/Asian British					x		
	Black/African/Caribbean/Black British					x		
	Gypsies / travellers					x		
	Other ethnic group					x		
Disability	Physical					x		
	Sensory					x		
	Learning Difficulties					x		
	Learning Disabilities					x		
	Mental Health					x		

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual					x		
<b>Age</b>	Older people (50+)					x		
	Younger people (16 - 25)					x		
<b>Gender Reassignment</b>						x		
<b>Impact due to pregnancy/maternity</b>						x		
<b>Groups with particular faiths and beliefs</b>						x		
<b>People on low incomes</b>						x		

**SECTION 4: ACTION PLAN**

**4.1** Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.

*Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.*

**NB. Add any additional rows, if required.**

Page 315	Action Required	Equality Groups Targeted	Intended outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG
	<i>Enter additional rows if required</i>						

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** Stuart Reilly

**FULL NAME:** Stuart Reilly

**UNIT:** Growth, Planning and Housing

**EMAIL & TELEPHONE EXT:** sreilly@westminster.gov.uk

**DATE (DD/MM/YYYY):** 21 August 2018

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

**All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**

## EQUALITY IMPACT ASSESSMENT TEMPLATE

**PLEASE ENSURE YOU READ THE GUIDANCE NOTES BEFORE COMPLETING THIS TEMPLATE**

Completing an EIA is the simplest way to demonstrate that the Council has considered the equality impacts of its decisions and it reduces the risk of legal challenge. EIAs should be carried out at the earliest stages of policy development or a service review, and then updated as the policy or review develops. EIAs must be undertaken when it is possible for the findings to inform the final decision.

### SECTION 1:

<p><b>Title</b></p>	<p>1.3 Digital saving – validation hub</p>
<p>What are you analysing?</p> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	<p><b>Context</b></p> <p>City Management in collaboration with Growth, Planning and Housing directorate have embarked on a project aimed at aligning back office application validation processes using the same line of business system. The ultimate goal is to realise cost savings and provide enhanced, consistent services for its customers.</p> <p>Currently applications are managed differently across the Council based on the type of application submitted. Business processes also vary within the back office, some of which requiring manual effort.</p> <p>The digital programme has identified ways of reducing manual interventions by minimising the current administrative burden, reducing the level of customer contact and standardising service provision across these functions.</p> <p><b>Intended beneficiaries</b></p> <p>Financial benefits based on reduction of manual activity will be realised by Licensing. Initial estimated savings for licensing is £55,553.</p> <p><b>Rationale for Change</b></p> <p>Westminster approximately receives 9,000 Licensing Applications per year.</p> <p>Currently officers check submitted applications for errors, review supporting documents and send out emails where necessary requesting further information.</p> <p><b>What results are intended</b></p>

	<ul style="list-style-type: none"> <li>• Using technology and process re-engineering to reduce the manual effort required to carry out validation activities</li> <li>• Reduce the number of invalid applications.</li> <li>• Application status updates to reduce queries</li> <li>• Prevent demand on authority by reducing the number of contacts related to validation queries</li> <li>• Improve the customer journey</li> </ul>
<p>Details of the lead person completing the screening/EIA</p>	<p>(vi) Full Name: Saheda Parvin</p> <p>(ii) Position: Digital Service Model Owner</p> <p>(iii) Unit: City Management &amp; Communities</p> <p>(iii) Contact Details: 020 7641 2285</p>
<p>Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a></p>	<p>14/05/2018</p>
<p>Version number and date of update</p>	<p>0.1</p>
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<b>2.1</b>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li><i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li><i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>															
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 5px;">How many people use the service currently? What is this as a % of Westminster’s population?</td> <td style="padding: 5px;">Westminster population circa 225,000 Westminster currently receive, 9,000 Licensing Applications per year.</td> </tr> <tr> <td style="padding: 5px;">Gender</td> <td style="padding: 5px;">This project does not adversely affect anyone in this particular group</td> </tr> <tr> <td style="padding: 5px;">Race</td> <td style="padding: 5px;">This project does not adversely affect anyone in this particular group</td> </tr> <tr> <td style="padding: 5px;">Disability</td> <td style="padding: 5px;">This project does not adversely affect anyone in this particular group</td> </tr> <tr> <td style="padding: 5px;">Sexual orientation</td> <td style="padding: 5px;">This project does not adversely affect anyone in this particular group</td> </tr> <tr> <td style="padding: 5px;">Age</td> <td style="padding: 5px;">This project does not adversely affect anyone in this particular group</td> </tr> <tr> <td style="padding: 5px;">Religion or belief</td> <td style="padding: 5px;">This project does not adversely affect anyone in this particular group</td> </tr> </table>	How many people use the service currently? What is this as a % of Westminster’s population?	Westminster population circa 225,000 Westminster currently receive, 9,000 Licensing Applications per year.	Gender	This project does not adversely affect anyone in this particular group	Race	This project does not adversely affect anyone in this particular group	Disability	This project does not adversely affect anyone in this particular group	Sexual orientation	This project does not adversely affect anyone in this particular group	Age	This project does not adversely affect anyone in this particular group	Religion or belief	This project does not adversely affect anyone in this particular group	
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Age	This project does not adversely affect anyone in this particular group															
Religion or belief	This project does not adversely affect anyone in this particular group															

<p><b>2.2</b> Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? <i>If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</i></p>	<p>No</p>			
<p><b>2.3</b> Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? <i>If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.</i></p>	<p>No</p>			
<p><b>2.4</b> Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?</p>				
	<p><b>None</b></p>	<p><b>Positive</b></p>	<p><b>Negative</b></p>	<p><b>Not sure</b></p>
<p>Men or women</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>Disabled<sup>3</sup> people (consider different types of physical, learning or mental disabilities)</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>People of particular sexual orientation/s</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>People in particular age groups (consider in particular children, under 21s and over 65s)</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>Impact due to pregnancy/ maternity</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>

<sup>3</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.**

<b>2.5</b>	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>2.6</b>	<b>Provide brief reasons on how have you come to this decision?</b>
	<p>This project is to review the internal processes and reduce the manual effort to require validating applications. The customer should will have the option to send an application either as a paper format or submit via online forms. Therefore, the projects will not disproportionately impact on groups as per responses to 1.2 and 1.3. However, it is too early to understand the impact so there is a recommendation that this is kept under review by the Digital Programme Board. The EIA should be reviewed once the business case has been finalised and signed off by the service. As part of the EIA assessment will review the impact (if any) is made to customers for whom English is not a second language.</p>

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men					x		
	Women					x		
Race	White					x		
	Mixed/Multiple ethnic groups					x		
	Asian/Asian British					x		
	Black/African/Caribbean/Black British					x		
	Gypsies / travellers					x		
	Other ethnic group					x		
Disability	Physical					x		
	Sensory					x		
	Learning Difficulties					x		
	Learning Disabilities					x		
	Mental Health					x		

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual					x		
<b>Age</b>	Older people (50+)					x		
	Younger people (16 - 25)					x		
<b>Gender Reassignment</b>						x		
<b>Impact due to pregnancy/maternity</b>						x		
<b>Groups with particular faiths and beliefs</b>						x		
<b>People on low incomes</b>						x		

**SECTION 4: ACTION PLAN**

**4.1** Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.

*Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.*

**NB. Add any additional rows, if required.**

Page 324	Action Required	Equality Groups Targeted	Intended outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG
	<i>Enter additional rows if required</i>						

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....

**FULL NAME:** .....K Fitsall.....

**UNIT:** .....Service Improvement and Transformation.....

**EMAIL & TELEPHONE EXT:** .....x1753.....

**DATE (DD/MM/YYYY):** .....14/05/2018.....

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

**All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**



## EQUALITY IMPACT ASSESSMENT TEMPLATE

**PLEASE ENSURE YOU READ THE GUIDANCE NOTES BEFORE COMPLETING THIS TEMPLATE**

Completing an EIA is the simplest way to demonstrate that the Council has considered the equality impacts of its decisions and it reduces the risk of legal challenge. EIAs should be carried out at the earliest stages of policy development or a service review, and then updated as the policy or review develops. EIAs must be undertaken when it is possible for the findings to inform the final decision.

### SECTION 1:

<p><b>Title</b></p>	<p>6.09 Regulatory Support Services &amp; Pre-application Advice</p>
<p>What are you analysing?</p> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	<p>To help those who wish to apply for a premises licence application (under the Licensing Act 2003) for activities such as selling alcohol and providing entertainment. The Licensing Service offer an advice service to assist with the process of making an application. The service offers pre-application advice in order to help applicants:</p> <ul style="list-style-type: none"> <li>• understand how council policies will be applied to the proposed application</li> <li>• identify the need for specialist input, layout design, acoustic measures, etc</li> <li>• make the application correctly and reduce unnecessary delays</li> <li>• reduce time spent applying</li> <li>• save time and money by understanding when an application is unacceptable</li> </ul> <p>This will benefit, the applicant (and their representative if they chose to employ one) and the City Council as the advice given will facilitate a process of applying for and being granted a licence.</p> <p>This service is needed as it can pre-empt potential problems with the licensing process. ‘Prevention is better than cure’. The service can also help small</p>

	businesses who don't have the resource to employ larger companies.
Details of the lead person completing the screening/EIA	(vii) Full Name: Sally Fabbricatore (ii) Position: Senior Practitioner (iii) Unit: Public Protection and Licensing (iii) Contact Details: sfabbricatore@westminster.gov.uk
Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a>	
Version number and date of update	Version 1 date 16.05.18
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<p><b>2.1</b></p>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li><i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li><i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>														
	<table border="1"> <tr> <td data-bbox="507 819 940 965"> <p>How many people use the service currently? What is this as a % of Westminster’s population?</p> </td> <td data-bbox="946 819 1481 965"> <p>We do not collect data on who uses the service.</p> </td> </tr> <tr> <td data-bbox="507 965 940 1055"> <p>Gender</p> </td> <td data-bbox="946 965 1481 1055"></td> </tr> <tr> <td data-bbox="507 1055 940 1144"> <p>Race</p> </td> <td data-bbox="946 1055 1481 1144"></td> </tr> <tr> <td data-bbox="507 1144 940 1234"> <p>Disability</p> </td> <td data-bbox="946 1144 1481 1234"></td> </tr> <tr> <td data-bbox="507 1234 940 1323"> <p>Sexual orientation</p> </td> <td data-bbox="946 1234 1481 1323"></td> </tr> <tr> <td data-bbox="507 1323 940 1413"> <p>Age</p> </td> <td data-bbox="946 1323 1481 1413"></td> </tr> <tr> <td data-bbox="507 1413 940 1503"> <p>Religion or belief</p> </td> <td data-bbox="946 1413 1481 1503"></td> </tr> </table>	<p>How many people use the service currently? What is this as a % of Westminster’s population?</p>	<p>We do not collect data on who uses the service.</p>	<p>Gender</p>		<p>Race</p>		<p>Disability</p>		<p>Sexual orientation</p>		<p>Age</p>		<p>Religion or belief</p>	
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<p><b>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</b></p>	<p><i>If yes, provide details.</i></p> <p><i>Unknown</i></p>														

<b>2.3 Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.</b>	<p><i>If yes, provide details.</i></p> <p><i>Unknown</i></p>
--	--

<b>2.4</b>	<b>Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?</b>
------------	---

	None	Positive	Negative	Not sure
Men or women	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disabled <sup>4</sup> people (consider different types of physical, learning or mental disabilities)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People in particular age groups (consider in particular children, under 21s and over 65s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Impact due to pregnancy/ maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.**

<sup>4</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

2.5	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
2.6	<b>Provide brief reasons on how have you come to this decision?</b>
	Pre-application advice is a discretionary service. There is no or minimal impact on the groups listed above.

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men					x		
	Women					x		
Race	White					x		
	Mixed/Multiple ethnic groups					x		
	Asian/Asian British					x		
	Black/African/Caribbean/Black British					x		
	Gypsies / travellers					x		
	Other ethnic group					x		
Disability	Physical					x		
	Sensory					x		
	Learning Difficulties					x		
	Learning Disabilities					x		
	Mental Health					x		

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual					x		
<b>Age</b>	Older people (50+)					x		
	Younger people (16 - 25)					x		
<b>Gender Reassignment</b>						x		
<b>Impact due to pregnancy/maternity</b>						x		
<b>Groups with particular faiths and beliefs</b>						x		
<b>People on low incomes</b>						x		

**SECTION 4: ACTION PLAN**

<p><b>4.1</b></p>	<p>Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.</p> <p><i>Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.</i></p> <p><b>NB. Add any additional rows, if required.</b></p>						
Page 333	<p style="text-align: center;"><b>Action Required</b></p>	<p style="text-align: center;"><b>Equality Groups Targeted</b></p>	<p style="text-align: center;"><b>Intended outcome</b></p>	<p style="text-align: center;"><b>Resources Needed</b></p>	<p style="text-align: center;"><b>Name of Lead, Unit &amp; Contact Details</b></p>	<p style="text-align: center;"><b>Completion Date (DD/MM/YY)</b></p>	<p style="text-align: center;"><b>RAG</b></p>
	<p><i>Enter additional rows if required</i></p>						

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....

**FULL NAME:** .....

**UNIT:** .....

**EMAIL & TELEPHONE EXT:** .....

**DATE (DD/MM/YYYY):** .....

**WHAT NEXT?**

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**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

**All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**



## EQUALITY IMPACT ASSESSMENT TEMPLATE

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### SECTION 1:

Title	6.13 – PPL Fee Review Additional Income
What are you analysing? <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	<p>The Licensing Committee dated 4<sup>th</sup> July 2018 approved the process to undertake statutory consultation on a revised set of fees and charges for street trading on a pitch in Westminster's markets. The proposed fees and charges will enable the Council to introduce a charging structure to recover costs associated with licensed street trading as set out in section 22 of the City of Westminster Act 1999 (The Act). The last full fee review was undertaken in 2006.</p> <p>An extensive consultation amongst street traders and other stakeholders, aligned to a wider market strategy consultation, commenced on 6<sup>th</sup> August and will continue until the 29<sup>th</sup> October.</p> <p>The consultation includes a number of options for cost recovery. Recommendations will be brought to the next Full Licensing Committee on 28<sup>th</sup> November. Cost recovery will mean that the council does not operate at a deficit across this function.</p>
Details of the lead person completing the screening/EIA	(viii) Full Name: Annette Acik  (ii) Position: Head of Licensing  (iii) Unit: Public Protection and Licensing  (iii) Contact Details: <a href="mailto:aacik@westminster.gov.uk">aacik@westminster.gov.uk</a>
Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a>	

Version number and date of update	Version 2 date 10.08.18
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<p><b>2.1</b></p>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li><i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li><i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>														
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<p>How many people use the service currently? What is this as a % of Westminster’s population?</p>	<p>We do not collect data on who uses the service.</p>														
<p>Gender</p>															
<p>Race</p>															
<p>Disability</p>															
<p>Sexual orientation</p>															
<p>Age</p>															
<p>Religion or belief</p>															
<p><b>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</b></p>	<p><i>If yes, provide details.</i></p> <p><i>Unknown</i></p>														

**2.3** Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? *If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.*

*If yes, provide details.*

*Unknown*

**2.4** Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?

	None	Positive	Negative	Not sure
Men or women	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disabled <sup>5</sup> people (consider different types of physical, learning or mental disabilities)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People in particular age groups (consider in particular children, under 21s and over 65s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Impact due to pregnancy/ maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.**

<sup>5</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

2.5	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
2.6	<b>Provide brief reasons on how have you come to this decision?</b>
	<p>The proposals set out a number of options for market fees and charges, based on principles of fairness, cost recovery, support for local enterprise and sustainability and transparency. The options also include consideration for start-up businesses, individual concessions based on affordability, a tapered approach over two years, and concessions for WCC residents.</p> <p>These options form part of the consultation process, which encourages traders and stakeholders to comment on their most preferred two options and give comment on other discretionary services that they would like to see provided. Consultation is being undertaken through on line survey, workshops, focus groups, drop in sessions and walkabouts. Responses received by the completion of the consultation on 29<sup>th</sup> October will be considered and outcomes/ proposals recommended to Full Licensing Committee in November. A further EIA will be required once the consultation has been completed.</p>

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men					x		
	Women					x		
Race	White					x		
	Mixed/Multiple ethnic groups					x		
	Asian/Asian British					x		
	Black/African/Caribbean/Black British					x		
	Gypsies / travellers					x		
	Other ethnic group					x		
Disability	Physical					x		
	Sensory					x		
	Learning Difficulties					x		
	Learning Disabilities					x		
	Mental Health					x		

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual					x		
<b>Age</b>	Older people (50+)					x		
	Younger people (16 - 25)					x		
<b>Gender Reassignment</b>						x		
<b>Impact due to pregnancy/maternity</b>						x		
<b>Groups with particular faiths and beliefs</b>						x		
<b>People on low incomes</b>					x		Mitigated via concessionary approaches but dependant on the outcome of consultation with those impacted and stakeholders, when further actions required will be considered.	

**SECTION 4: ACTION PLAN**

**4.1** Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.

*Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.*

**NB. Add any additional rows, if required.**

Page 342	Action Required	Equality Groups Targeted	Intended outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG
	<i>Enter additional rows if required</i>						

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....

**FULL NAME:** .....

**UNIT:** .....

**EMAIL & TELEPHONE EXT:** .....

**DATE (DD/MM/YYYY):** .....

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

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### SECTION 1:

<p><b>Title</b></p>	<p>1.3 Digital saving – Parking Permits</p>
<p>What are you analysing?</p> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	<p><b>Project purpose/objectives:</b></p> <ul style="list-style-type: none"> <li>▪ Build on the success of the current digital self-service offering</li> <li>▪ Strategically, WCC will own their own permit solution geared to servicing its residents and permit holders across the City. The solution will extend beyond parking to allow any type of permit/license request to be purchased through the MyWestminster functionality of the Digital Platform.</li> </ul> <p><b>Context:</b></p> <p>We want to provide the best customer service to our residents, making it as easy as possible to access local services.</p> <p>Westminster City Council is looking to develop an Online Parking Permit solution that will enable customers to book, pay, amend and cancel a parking permit on-line without the need for back office intervention. The intended solution will be delivered through the Council’s Digital Transformation Programme as a component of the online web forms being delivered as part of the digital platform.</p>

**Intended beneficiary of changes :**

- Total Cost of Permit Solution is £1.5m over 4 years plus extensions (£2.2m).
- Reduce re-tender cycle costs of circa £300k.
- Recurring annual Cost is £370k
- One off Dev cost of £385k development and £77k on-going costs
- Total net year on year savings of £293k committed to MTP savings.

**Intended outcomes :**

There are two major objectives of the project:

1. For WCC to own their own Permit solution, therefore, reducing the reliance on 3rd party systems
2. Improve satisfaction for both citizens and colleagues and provide a more user-friendly and efficient permit processing system

The City of Westminster is looking to develop an Online Permit solution that will enable customers to book, pay, amend and cancel a parking permit, or other type of permit, on-line without the need for back office intervention.

The solution will be delivered through the Council's Digital Transformation Programme as a component of the online web forms being delivered as part of the platform.

**Rational for a change:**

The WCC Parking Service is keen to avoid the cycle of changing providers each time the Parking Services contract is let and therefore, the inevitable disruption this causes to Residents and other Permit holders. By owning its own solution, WCC, will be able to prevent

	this from happening and creating a stable permit solution fully integrated with the Digital Platform.
Details of the lead person completing the screening/EIA	(ix) Full Name: Saheda Parvin  (ii) Position: Digital Service Model Owner  (iii) Unit: Digital Transformation Programme  (iii) Contact Details: sparvin@westminster.gov.uk
Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a>	14/05/2018
Version number and date of update	Version 1 – 14/08/2017 Version 2 – Version 3 - Version 4 –
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**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<b>2.1</b>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li><i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li><i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>																																			
	<p>How many people use the service currently? What is this as a % of Westminster’s population?</p>	<p>The number of permits issued per year provided by the City Council for the main parking types is as per the table below:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right; width: 20%;">Issued/year</th> </tr> </thead> <tbody> <tr><td>Resident Motorcycle</td><td style="text-align: right;">660</td></tr> <tr><td>Resident Permit</td><td style="text-align: right;">33,296</td></tr> <tr><td>Westminster Disabled Badge (Resident) Permit</td><td style="text-align: right;">1,462</td></tr> <tr><td>Westminster Disabled Badge (Non-Resident) Permit</td><td style="text-align: right;">192</td></tr> <tr><td>Trades</td><td style="text-align: right;">29,334</td></tr> <tr><td>Westminster Disabled Badge (Organisation) Permit</td><td style="text-align: right;">110</td></tr> <tr><td>Dedicated Bay - Disabled</td><td style="text-align: right;">50</td></tr> <tr><td>Dedicated Bay - Diplomat</td><td style="text-align: right;">0</td></tr> <tr><td>Resident Security</td><td style="text-align: right;">9</td></tr> <tr><td>Business Permit</td><td style="text-align: right;">12</td></tr> <tr><td>Doctor</td><td style="text-align: right;">62</td></tr> <tr><td>Hospital Staff</td><td style="text-align: right;">98</td></tr> <tr><td>*Parking Indicator Board</td><td style="text-align: right;">929</td></tr> <tr><td>Teacher</td><td style="text-align: right;">13</td></tr> <tr><td>Councillor Permit</td><td style="text-align: right;">47</td></tr> <tr><td>Resident Low Emission</td><td style="text-align: right;">1,675</td></tr> </tbody> </table>		Issued/year	Resident Motorcycle	660	Resident Permit	33,296	Westminster Disabled Badge (Resident) Permit	1,462	Westminster Disabled Badge (Non-Resident) Permit	192	Trades	29,334	Westminster Disabled Badge (Organisation) Permit	110	Dedicated Bay - Disabled	50	Dedicated Bay - Diplomat	0	Resident Security	9	Business Permit	12	Doctor	62	Hospital Staff	98	*Parking Indicator Board	929	Teacher	13	Councillor Permit	47	Resident Low Emission	1,675
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Teacher	13																																			
Councillor Permit	47																																			
Resident Low Emission	1,675																																			
	Gender	This project does not affect anyone in this particular group.																																		
	Race	This project does not affect anyone in this particular group.																																		
	Disability	Please see table above. These are the number of Disabled badges issued by Parking services.																																		

	Sexual orientation	This project does not affect anyone in this particular group.			
	Age	Only adults or qualified motorcyclists over the age of 16 can apply for a permit.			
	Religion or belief	This project does not affect anyone in this particular group.			
<b>2.2</b>	Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? <i>If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</i>				
	No				
<b>2.3</b>	Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? <i>If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.</i>				
	No				
<b>2.4</b>	Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?				
		<b>None</b>	<b>Positive</b>	<b>Negative</b>	<b>Not sure</b>
	Men or women	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disabled <sup>6</sup> people (consider different types of physical, learning or mental disabilities)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<sup>6</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People in particular age groups (consider in particular children, under 21s and over 65s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Impact due to pregnancy/ maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.**

<b>2.5</b>	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>2.6</b>	<b>Provide brief reasons on how have you come to this decision?</b>
	The current parking permit solution is already on line. However, it is provided through an outsourced service model. Currently, all groups can purchase online or over the phone or through postal applications. These channels will not change through this process and there will be no loss of service to all those currently serviced by our processes.

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men					x		
	Women					x		
Race	White					x		
	Mixed/Multiple ethnic groups					x		
	Asian/Asian British					x		
	Black/African/Caribbean/Black British					x		
	Gypsies / travellers					x		
	Other ethnic group					x		
Disability	Physical				x		<ul style="list-style-type: none"> <li>The Council already provides online permits</li> <li>There is Council-wide support for people with disabilities to access services and information.</li> </ul>	None/Minimal

							<ul style="list-style-type: none"> <li>Use libraries as hubs to provide support and receive guidance and support from library staff to access internet and parking service</li> </ul>	
	Sensory				x		<ul style="list-style-type: none"> <li>There is Council-wide support for people with disabilities to access services and information.</li> <li>Use libraries as hubs to provide support and receive guidance and support from library staff to access internet and parking service</li> </ul>	None/Minimal
	Learning Difficulties				x		<ul style="list-style-type: none"> <li>There is Council-wide support for people with disabilities to access services and information.</li> </ul>	None/Minimal

							<ul style="list-style-type: none"> <li>• Use libraries as hubs to provide support and receive guidance and support from library staff to access internet and parking service</li> </ul>	
	Learning Disabilities				x		<ul style="list-style-type: none"> <li>• There is Council-wide support for people with disabilities to access services and information.</li> <li>• Use libraries as hubs to provide support and receive guidance and support from library staff to access internet and parking service</li> </ul>	None/Minimal
	Mental Health				x		<ul style="list-style-type: none"> <li>• There is Council-wide support for people with disabilities to access services and information.</li> </ul>	None/Minimal

							<ul style="list-style-type: none"><li>• Use libraries as hubs to provide support and receive guidance and support from library staff to access internet and parking service</li></ul>	
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Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual					x		
<b>Age</b>	Older people (50+)					x	<ul style="list-style-type: none"> <li>Use Library as hubs to allow residents with no access to internet to make use of Library computers and receive guidance and support from library staff where appropriate.</li> <li>Skilled Contact centre agents helping customers with signing up process and purchasing online.</li> </ul>	None/Minimal
	Younger people (16 - 25)					x		
<b>Gender Reassignment</b>						x		
<b>Impact due to pregnancy/maternity</b>						x		
<b>Groups with particular faiths and beliefs</b>						x		

<p>People on low incomes</p>				<p>x</p>		<ul style="list-style-type: none"> <li>• Use Library as hubs to allow residents with no access to internet to make use of Library computers and receive guidance and support from library staff where appropriate.</li> <li>• Skilled Contact centre agents helping customers with signing up process and purchasing online.</li> </ul>	<p>None/Minimal</p>
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**SECTION 4: ACTION PLAN**

**4.1** Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.

*Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.*

**NB. Add any additional rows, if required.**

Page 356	Action Required	Equality Groups Targeted	Intended outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG
	Marketing strategy and plan to promote new ways of purchasing permits online	All groups	Raise awareness and encourage residents to sign up to MyWestminster to self-serve and administer their own permits	Comms support	Saheda Parvin DTP sparvin@westminster.gov.uk	To be scheduled in before known Go-live date	Green
	Training for Contact centre agents and staff in libraries	Age	Skilled WCC workforce that can assist residents with online purchases from the new system	SIT team	Rhoda Phillips SIT/CMC rphillips@westminster.gov.uk	To be scheduled in before known Go-live date	Green
	<i>Enter additional rows if required</i>						

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....  
**Kieran Fitsall**  
**FULL NAME:** .....  
**UNIT:** .....Service Improvement and Transformation...  
**EMAIL & TELEPHONE EXT:** .....  
**DATE (DD/MM/YYYY):** .....2/5/2018.....

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

**All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**

## EQUALITY IMPACT ASSESSMENT TEMPLATE

### PLEASE ENSURE YOU READ THE GUIDANCE NOTES BEFORE COMPLETING THIS TEMPLATE

Completing an EIA is the simplest way to demonstrate that the Council has considered the equality impacts of its decisions and it reduces the risk of legal challenge. EIAs should be carried out at the earliest stages of policy development or a service review, and then updated as the policy or review develops. EIAs must be undertaken when it is possible for the findings to inform the final decision.

#### SECTION 1:

<b>Title</b>	5.16 Westminster Car Club (Parking)
<p>What are you analysing?</p> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	<p>To support residents and businesses in the City who may occasionally need to use a car, Westminster Council operates the Westminster Car Club. This single operator, 'fixed point' car club, which is provided by Zipcar, currently has c.11,500 members who can use 185 dedicated car club bays throughout Westminster, 44 of which are equipped with electric vehicle (EV) charge points. The car club contract expires on 31 May 2018 and a procurement exercise to relet the contract has recently taken place.</p> <p>As the car sharing market has developed beyond the 'fixed point' car sharing model, this procurement involves two lots: one for a single supplier to provide the on-going provision of the fixed point service already in place; and the other for two suppliers to provide a new 'flexible' car sharing service. This will ensure that there is continued service provision for the existing membership of the car club and will develop and grow the car club through the introduction of the flexible service, which now operates in a number of London boroughs.</p> <p>The flexible model does not rely on dedicated bays but allows vehicles to park in a number of different types of publicly available parking bays. This means that members end their hire at their intended destination rather having to return the vehicle to the bay from which the journey started. The flexible model therefore operates across all participating boroughs who run the service without there being a fixed number of vehicles confined to Westminster.</p> <p>This procurement complements the recommendations of the Westminster Car Club Strategy, provided by Steer Davies Gleave, to expand the current volume of available car club vehicles in the City, to improve customer choice through competition in the City and to improve the extent to which Ultra Low Emission Vehicles make up the fleet. These aims, alongside the promotion of walking and cycling strategies, should provide a reduction in private vehicle ownership in Westminster. The service may also allow certain residents to give up their vehicles, potentially freeing up valuable kerbside</p>

	<p>space, lowering potential volumes of congestion and reducing harmful emissions</p> <p>The contract term is comparably short, set at two years with two years' extension provision. This is because the car sharing market has been subject to significant change since the last procurement in 2013 and the expectation is that this will continue, with the emergence of new models of car sharing and the extent to which EVs are represented and accommodated.</p> <p>The scheme obviously applies only to those who are legally able to drive.</p>
<p>Details of the lead person completing the screening/EIA</p>	<p>(i) Full Name: Darren Montague</p> <p>(ii) Position: Implementation Manager</p> <p>(iii) Unit: Parking Services</p> <p>(iii) Contact Details: <a href="mailto:dmontague@westminster.gov.uk">dmontague@westminster.gov.uk</a> / x2293</p>
<p>Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a></p>	<p>23 April 2018</p>
<p>Version number and date of update</p>	<p>v1.0 17/08/2018 v2.0 23/04/2018</p>
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<b>2.1</b>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li>• <i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li>• <i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>	
	<p>How many people use the service currently? What is this as a % of Westminster’s population?</p>	<p>11,500 members 5% of Westminster’s population</p>
	<p>Gender</p>	<p>Exact Westminster split unknown although London-wide, 69% of Car Club members are male (compared to 54% of licence holders). However the service is designed to be as inclusive as possible and will not have a disproportionate impact on the basis of gender.</p>
	<p>Race</p>	<p>Membership data not collected. However the service will not have a disproportionate impact on the basis of race.</p>
	<p>Disability</p>	<p>Membership data unknown. However the service is designed to be as inclusive as possible and where at all practicable will not have a disproportionate impact on the basis of disability.</p>
	<p>Sexual orientation</p>	<p>Membership data not collected. However the service will not have a disproportionate impact on the basis of sexual orientation.</p>
	<p>Age</p>	<p>Exact Westminster figures unknown although London-wide, 77% of London car club members are younger than 45 (compared to 43% of UK driving licence holders). The key age range for car clubs membership is predominantly amongst the 25-44 age group. However for those who are legally able to drive, the service</p>



	<b>legally able to drive</b>			
People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People in particular age groups (consider in particular children, under 21s and over 65s)	<input checked="" type="checkbox"/> * <b>*Of those who are of legal driving age</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Impact due to pregnancy/ maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.**

<b>2.5</b>	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>2.6</b>	<b>Provide brief reasons on how have you come to this decision?</b>
	<p>The current service and the proposed service are designed to be as inclusive as possible and are open to all individuals who are legally able to drive, regardless of the above listed characteristics and thus do not disproportionately impact on any in a negative way.</p> <p>The scheme is open to disabled people and affords extra parking concessions to anyone displaying a valid disabled badge. Depending on the nature of the disability itself, the service could theoretically potentially negatively impact upon someone with a physical disability. However, should a disabled driver suffer from a particular physical disability which may require use of an adapted vehicle, this may be able to be accommodated (depending on the actual nature of the physical disability) if notice of the adapted vehicle’s use is given.</p> <p>The scheme should have a positive impact on those on low incomes as it is designed to appeal to and be utilised as an alternative to ownership of a vehicle and the potentially prohibitive inherent running costs that this incurs such as tax, insurance, MOT, maintenance, fuel, parking/permits etc.</p>

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men					X		
	Women					X		
Race	White					X		
	Mixed/Multiple ethnic groups					X		
	Asian/Asian British					X		
	Black/African/Caribbean/Black British					X		
	Gypsies / travellers					X		
	Other ethnic group					X		
Disability	Physical				X		Adapted vehicles are available on request	None
	Sensory					X		
	Learning Difficulties					X		
	Learning Disabilities					X		

	Mental Health					X		
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Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
Sexual Orientation	Lesbian, gay men, bisexual					X		
Age	Older people (50+)					X		
	Younger people (16 - 25)					X		
Gender Reassignment						X		
Impact due to pregnancy/maternity						X		
Groups with particular faiths and beliefs						X		
People on low incomes			X				Gives greater access to vehicle use as & when needed	

**SECTION 4: ACTION PLAN**

**4.1** Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.

*Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.*

**NB. Add any additional rows, if required.**

Page 365	Action Required	Equality Groups Targeted	Intended outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG
	None						
	<i>Enter additional rows if required</i>						

**SIGNATURE:** Adam Warnes

**FULL NAME:** Adam Warnes

**UNIT:** Parking Services

**EMAIL & TELEPHONE EXT:** awarnes@westminster.gov.uk / x4074.

**DATE (DD/MM/YYYY):** 23/04/2018

#### WHAT NEXT?

It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.

All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).

All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)

## EQUALITY IMPACT ASSESSMENT TEMPLATE

**PLEASE ENSURE YOU READ THE GUIDANCE NOTES BEFORE COMPLETING THIS TEMPLATE**

Completing an EIA is the simplest way to demonstrate that the Council has considered the equality impacts of its decisions and it reduces the risk of legal challenge. EIAs should be carried out at the earliest stages of policy development or a service review, and then updated as the policy or review develops. EIAs must be undertaken when it is possible for the findings to inform the final decision.

### SECTION 1:

<p><b>Title</b></p>	<p>6.11 Integrated neighbourhood service (phase 3)</p>
<p>What are you analysing?</p> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/stategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	<p>This next phase of effective neighbourhood working is a continuation of a council-wide neighbourhood approach, where services are delivered locally and tailored to the needs of the community.</p> <p>The ENW working principles (below) will remain core to developing wider integrated neighbourhood services, but more specifically savings will be realised through integration of service improvement resources and by ensuring more effective coordination and delivery across City Management &amp; Communities, Growth Planning and Housing and Public Health services.</p> <ul style="list-style-type: none"> <li>• Integrated view</li> <li>• Excellent staff</li> <li>• Intelligence led</li> <li>• Customer and Community</li> <li>• Effective and efficient</li> </ul> <p>This phase will focus on great service efficiencies, considered as ‘back-office’ functions and therefore represent no impact to service users nor Westminster residents. The two main work streams that will realise further MTP savings are:</p> <ol style="list-style-type: none"> <li>1. A review and integration of directorate service improvement and transformation resource between GPH and CM&amp;C</li> <li>2. Integration of Public Health funding and consolidation of commissioned services (e.g. Physical Activity Hubs and the Greener City activity) to increase impact and maximise efficiencies</li> </ol> <p>As a result, the departments involved will benefit from greater integration of resources and skills that will ultimately provide more integrated neighbourhood services rather than isolated support and delivery that occurs in part through the current working models.</p>

<p>Details of the lead person completing the screening/EIA</p>	<p>(x) Full Name: Richard Barker</p> <p>(ii) Position: Director for City Management and Communities</p> <p>(iii) Unit: City Management and Communities</p> <p>(iii) Contact Details:</p>
<p>Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a></p>	<p>9<sup>th</sup> August 2018</p>
<p>Version number and date of update</p>	<p>V.1</p>
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<p><b>2.1</b></p>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li><i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li><i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>									
	<table border="1"> <tr> <td data-bbox="504 824 938 965"> <p>How many people use the service currently? What is this as a % of Westminster’s population?</p> </td> <td data-bbox="943 824 1481 965"></td> </tr> <tr> <td data-bbox="504 972 938 1055"> <p>Gender</p> </td> <td data-bbox="943 972 1481 1518" rowspan="6"> <p>This project does not affect anyone within these particular groups or have a considered negative impact to existing services.</p> </td> </tr> <tr> <td data-bbox="504 1061 938 1144"> <p>Race</p> </td> </tr> <tr> <td data-bbox="504 1151 938 1234"> <p>Disability</p> </td> </tr> <tr> <td data-bbox="504 1240 938 1323"> <p>Sexual orientation</p> </td> </tr> <tr> <td data-bbox="504 1330 938 1413"> <p>Age</p> </td> </tr> <tr> <td data-bbox="504 1420 938 1503"> <p>Religion or belief</p> </td> </tr> </table>	<p>How many people use the service currently? What is this as a % of Westminster’s population?</p>		<p>Gender</p>	<p>This project does not affect anyone within these particular groups or have a considered negative impact to existing services.</p>	<p>Race</p>	<p>Disability</p>	<p>Sexual orientation</p>	<p>Age</p>	<p>Religion or belief</p>
<p>How many people use the service currently? What is this as a % of Westminster’s population?</p>										
<p>Gender</p>	<p>This project does not affect anyone within these particular groups or have a considered negative impact to existing services.</p>									
<p>Race</p>										
<p>Disability</p>										
<p>Sexual orientation</p>										
<p>Age</p>										
<p>Religion or belief</p>										
<p><b>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</b></p>	<p><i>If yes, provide details.</i></p>									

<b>2.3 Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? <i>If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.</i></b>	<i>If yes, provide details.</i>			
<b>2.4</b>	<b>Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?</b>			
	<b>None</b>	<b>Positive</b>	<b>Negative</b>	<b>Not sure</b>
Men or women	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disabled <sup>8</sup> people (consider different types of physical, learning or mental disabilities)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People in particular age groups (consider in particular children, under 21s and over 65s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Impact due to pregnancy/ maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.</b>				

<sup>8</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

2.5	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
2.6	<b>Provide brief reasons on how have you come to this decision?</b>
	As detailed in summary the phase of ENW will not disproportionately impact on groups as per responses to 1.2 and 1.3.

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men					X		
	Women					X		
Race	White					X		
	Mixed/Multiple ethnic groups					X		
	Asian/Asian British					X		
	Black/African/Caribbean/Black British					X		
	Gypsies / travellers					X		
	Other ethnic group					X		
Disability	Physical					X		
	Sensory					X		
	Learning Difficulties					X		
	Learning Disabilities					X		
	Mental Health					X		

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual					X		
<b>Age</b>	Older people (50+)					X		
	Younger people (16 - 25)					X		
<b>Gender Reassignment</b>						X		
<b>Impact due to pregnancy/maternity</b>						X		
<b>Groups with particular faiths and beliefs</b>						X		
<b>People on low incomes</b>						X		

**SECTION 4: ACTION PLAN**

**4.1** Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.

*Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.*

**NB. Add any additional rows, if required.**

Page 374	Action Required	Equality Groups Targeted	Intended outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG
	<i>Enter additional rows if required</i>						

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** A. Durrant .....

**FULL NAME:** Andrew Durrant.....

**UNIT:** CMC .....

**EMAIL & TELEPHONE EXT:** 5885.....

**DATE (DD/MM/YYYY):** 09/08/2018.....

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

**All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**



## EQUALITY IMPACT ASSESSMENT TEMPLATE

### PLEASE ENSURE YOU READ THE GUIDANCE NOTES BEFORE COMPLETING THIS TEMPLATE

Completing an EIA is the simplest way to demonstrate that the Council has considered the equality impacts of its decisions and it reduces the risk of legal challenge. EIAs should be carried out at the earliest stages of policy development or a service review, and then updated as the policy or review develops. EIAs must be undertaken when it is possible for the findings to inform the final decision.

#### SECTION 1:

<b>Title</b>	7.20 Waste Contract Savings
<b>What are you analysing?</b> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	<p>This project is to reduce expenditure on the waste and street cleansing contract by £1m p.a. from 1<sup>st</sup> April 2019.</p> <p>The intention will be to reduce expenditure with the minimum possible impact on residents and visitors.</p>
<b>Details of the lead person completing the screening/EIA</b>	<p>(xi) Full Name: Mark Banks</p> <p>(ii) Position: Head of Waste &amp; Parks</p> <p>(iii) Unit: City Management &amp; Communities (Waste &amp; Parks)</p> <p>(iii) Contact Details: mbanks@westminster.gov.uk</p>
<b>Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a></b>	24 <sup>th</sup> July 2018
<b>Version number and date of update</b>	1.1
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<p><b>2.1</b></p>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li><i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li><i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>														
	<table border="1"> <tr> <td data-bbox="507 824 938 965">How many people use the service currently? What is this as a % of Westminster’s population?</td> <td data-bbox="943 824 1481 965">Waste and street cleansing services are provided to 100% of Westminster’s population.</td> </tr> <tr> <td data-bbox="507 972 938 1055">Gender</td> <td data-bbox="943 972 1481 1055">N/A</td> </tr> <tr> <td data-bbox="507 1061 938 1144">Race</td> <td data-bbox="943 1061 1481 1144">N/A</td> </tr> <tr> <td data-bbox="507 1151 938 1234">Disability</td> <td data-bbox="943 1151 1481 1234">N/A</td> </tr> <tr> <td data-bbox="507 1240 938 1323">Sexual orientation</td> <td data-bbox="943 1240 1481 1323">N/A</td> </tr> <tr> <td data-bbox="507 1330 938 1413">Age</td> <td data-bbox="943 1330 1481 1413">N/A</td> </tr> <tr> <td data-bbox="507 1420 938 1503">Religion or belief</td> <td data-bbox="943 1420 1481 1503">N/A</td> </tr> </table>	How many people use the service currently? What is this as a % of Westminster’s population?	Waste and street cleansing services are provided to 100% of Westminster’s population.	Gender	N/A	Race	N/A	Disability	N/A	Sexual orientation	N/A	Age	N/A	Religion or belief	N/A
How many people use the service currently? What is this as a % of Westminster’s population?	Waste and street cleansing services are provided to 100% of Westminster’s population.														
Gender	N/A														
Race	N/A														
Disability	N/A														
Sexual orientation	N/A														
Age	N/A														
Religion or belief	N/A														
<p><b>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? <i>If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</i></b></p>	<p>N/A</p>														

**2.3** Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? *If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.* N/A

**2.4** Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?

	None	Positive	Negative	Not sure
Men or women	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disabled <sup>9</sup> people (consider different types of physical, learning or mental disabilities)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People in particular age groups (consider in particular children, under 21s and over 65s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Impact due to pregnancy/ maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.**

<sup>9</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

2.5	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
2.6	<b>Provide brief reasons on how have you come to this decision?</b>
	Reducing expenditure on waste and cleansing services by £1m p.a. will principally be achieved through changing the frequencies and methods of street cleaning. Street cleansing is a 'universal' service that is based on littering patterns in geographic areas rather than the characteristics of any particular group. Street cleaning is unobtrusive and does not impact on day to day activities in the street, including religious services.

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men					X		
	Women					X		
Race	White					X		
	Mixed/Multiple ethnic groups					X		
	Asian/Asian British					X		
	Black/African/Caribbean/Black British					X		
	Gypsies / travellers					X		
	Other ethnic group					X		
Disability	Physical					X		
	Sensory					X		
	Learning Difficulties					X		
	Learning Disabilities					X		
	Mental Health					X		

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual					X		
<b>Age</b>	Older people (50+)					X		
	Younger people (16 - 25)					X		
<b>Gender Reassignment</b>						X		
<b>Impact due to pregnancy/maternity</b>						X		
<b>Groups with particular faiths and beliefs</b>						X		
<b>People on low incomes</b>						X		

**SECTION 4: ACTION PLAN**

**4.1** Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.

*Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.*

**NB. Add any additional rows, if required.**

Page 382	Action Required	Equality Groups Targeted	Intended outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG
	N/A						
	<i>Enter additional rows if required</i>						

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....

**FULL NAME:** Mark Banks.....

**UNIT:** CMC Waste & Parks.....

**EMAIL & TELEPHONE EXT:** [mbanks@westminster.gov.uk](mailto:mbanks@westminster.gov.uk) x3369

**DATE (DD/MM/YYYY):** 30<sup>th</sup> April 2018

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

**All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**



## EQUALITY IMPACT ASSESSMENT TEMPLATE

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Completing an EIA is the simplest way to demonstrate that the Council has considered the equality impacts of its decisions and it reduces the risk of legal challenge. EIAs should be carried out at the earliest stages of policy development or a service review, and then updated as the policy or review develops. EIAs must be undertaken when it is possible for the findings to inform the final decision.

#### SECTION 1:

<b>Title</b>	7.22 - Advertising on Waste Collection Vehicles
<b>What are you analysing?</b> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	<p>This project is to generate additional income of £350K p.a. by providing digital advertising panels on waste collection vehicles from 1<sup>st</sup> April 2019.</p> <p>The intention will be to increase council income with no adverse impact on residents or visitors.</p>
<b>Details of the lead person completing the screening/EIA</b>	<p>(xii) Full Name: Mark Banks</p> <p>(ii) Position: Head of Waste &amp; Parks</p> <p>(iii) Unit: City Management &amp; Communities (Waste &amp; Parks)</p> <p>(iii) Contact Details: <a href="mailto:mbanks@westminster.gov.uk">mbanks@westminster.gov.uk</a></p>
<b>Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a></b>	16 <sup>th</sup> July 2018
<b>Version number and date of update</b>	1.1
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<p><b>2.1</b></p>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li><i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li><i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>														
	<table border="1"> <tr> <td data-bbox="507 819 938 965">How many people use the service currently? What is this as a % of Westminster’s population?</td> <td data-bbox="946 819 1481 965">Waste collection services are provided to 100% of Westminster’s population.</td> </tr> <tr> <td data-bbox="507 965 938 1055">Gender</td> <td data-bbox="946 965 1481 1055">N/A</td> </tr> <tr> <td data-bbox="507 1055 938 1144">Race</td> <td data-bbox="946 1055 1481 1144">N/A</td> </tr> <tr> <td data-bbox="507 1144 938 1234">Disability</td> <td data-bbox="946 1144 1481 1234">N/A</td> </tr> <tr> <td data-bbox="507 1234 938 1323">Sexual orientation</td> <td data-bbox="946 1234 1481 1323">N/A</td> </tr> <tr> <td data-bbox="507 1323 938 1413">Age</td> <td data-bbox="946 1323 1481 1413">N/A</td> </tr> <tr> <td data-bbox="507 1413 938 1503">Religion or belief</td> <td data-bbox="946 1413 1481 1503">N/A</td> </tr> </table>	How many people use the service currently? What is this as a % of Westminster’s population?	Waste collection services are provided to 100% of Westminster’s population.	Gender	N/A	Race	N/A	Disability	N/A	Sexual orientation	N/A	Age	N/A	Religion or belief	N/A
How many people use the service currently? What is this as a % of Westminster’s population?	Waste collection services are provided to 100% of Westminster’s population.														
Gender	N/A														
Race	N/A														
Disability	N/A														
Sexual orientation	N/A														
Age	N/A														
Religion or belief	N/A														
<p><b>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</b></p>	<p>N/A</p>														

<b>2.3 Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? <i>If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.</i></b>	N/A
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<b>2.4</b>	<b>Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?</b>
------------	---

	None	Positive	Negative	Not sure
Men or women	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disabled <sup>10</sup> people (consider different types of physical, learning or mental disabilities)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People in particular age groups (consider in particular children, under 21s and over 65s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Impact due to pregnancy/ maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.**

<sup>10</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

2.5	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
2.6	<b>Provide brief reasons on how have you come to this decision?</b>
	Waste collection is a 'universal' service that is delivered irrespective of the characteristics of any particular groups. There are no planned changes to waste collection services and the proposal is just to install digital advertising panels on vehicles. Adverts will be vetted by the Waste and Recycling Manager to ensure compliance with council policy.

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men					X		
	Women					X		
Race	White					X		
	Mixed/Multiple ethnic groups					X		
	Asian/Asian British					X		
	Black/African/Caribbean/Black British					X		
	Gypsies / travellers					X		
	Other ethnic group					X		
Disability	Physical					X		
	Sensory					X		
	Learning Difficulties					X		
	Learning Disabilities					X		
	Mental Health					X		

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual					X		
<b>Age</b>	Older people (50+)					X		
	Younger people (16 - 25)					X		
<b>Gender Reassignment</b>						X		
<b>Impact due to pregnancy/maternity</b>						X		
<b>Groups with particular faiths and beliefs</b>						X		
<b>People on low incomes</b>						X		

**SECTION 4: ACTION PLAN**

**4.1** Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.

*Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.*

**NB. Add any additional rows, if required.**

Page 390	Action Required	Equality Groups Targeted	Intended outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG
	N/A						
	<i>Enter additional rows if required</i>						

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....

**FULL NAME:** Mark Banks.....

**UNIT:** CMC Waste & Parks.....

**EMAIL & TELEPHONE EXT:** [mbanks@westminster.gov.uk](mailto:mbanks@westminster.gov.uk) x3369

**DATE (DD/MM/YYYY):** 30<sup>th</sup> April 2018

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

**All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**



## EQUALITY IMPACT ASSESSMENT TEMPLATE

**PLEASE ENSURE YOU READ THE GUIDANCE NOTES BEFORE COMPLETING THIS TEMPLATE**

Completing an EIA is the simplest way to demonstrate that the Council has considered the equality impacts of its decisions and it reduces the risk of legal challenge. EIAs should be carried out at the earliest stages of policy development or a service review, and then updated as the policy or review develops. EIAs must be undertaken when it is possible for the findings to inform the final decision.

### SECTION 1:

Title	7.24 – Commercial Waste Income
What are you analysing? <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	This project is to generate additional income of £130K p.a. from commercial waste collection services.  The intention will be to increase council income with no adverse impact on residents or visitors.
Details of the lead person completing the screening/EIA	(xiii) Full Name: Mark Banks  (ii) Position: Head of Waste & Parks  (iii) Unit: City Management & Communities (Waste & Parks)  (iii) Contact Details: <a href="mailto:mbanks@westminster.gov.uk">mbanks@westminster.gov.uk</a>
Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a>	11 <sup>th</sup> June 2018
Version number and date of update	1.0
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<p><b>2.1</b></p>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li><i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li><i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>														
	<table border="1"> <tr> <td data-bbox="497 824 938 1037"> <p>How many people use the service currently? What is this as a % of Westminster’s population?</p> </td> <td data-bbox="941 824 1481 1037"> <p>This service is not provided to Westminster residents. Approximately 40% of Westminster businesses use the council’s commercial waste service with the remaining 60% using private companies.</p> </td> </tr> <tr> <td data-bbox="497 1041 938 1131"> <p>Gender</p> </td> <td data-bbox="941 1041 1481 1131"> <p>N/A</p> </td> </tr> <tr> <td data-bbox="497 1135 938 1225"> <p>Race</p> </td> <td data-bbox="941 1135 1481 1225"> <p>N/A</p> </td> </tr> <tr> <td data-bbox="497 1229 938 1319"> <p>Disability</p> </td> <td data-bbox="941 1229 1481 1319"> <p>N/A</p> </td> </tr> <tr> <td data-bbox="497 1323 938 1413"> <p>Sexual orientation</p> </td> <td data-bbox="941 1323 1481 1413"> <p>N/A</p> </td> </tr> <tr> <td data-bbox="497 1417 938 1507"> <p>Age</p> </td> <td data-bbox="941 1417 1481 1507"> <p>N/A</p> </td> </tr> <tr> <td data-bbox="497 1512 938 1601"> <p>Religion or belief</p> </td> <td data-bbox="941 1512 1481 1601"> <p>N/A</p> </td> </tr> </table>	<p>How many people use the service currently? What is this as a % of Westminster’s population?</p>	<p>This service is not provided to Westminster residents. Approximately 40% of Westminster businesses use the council’s commercial waste service with the remaining 60% using private companies.</p>	<p>Gender</p>	<p>N/A</p>	<p>Race</p>	<p>N/A</p>	<p>Disability</p>	<p>N/A</p>	<p>Sexual orientation</p>	<p>N/A</p>	<p>Age</p>	<p>N/A</p>	<p>Religion or belief</p>	<p>N/A</p>
<p>How many people use the service currently? What is this as a % of Westminster’s population?</p>	<p>This service is not provided to Westminster residents. Approximately 40% of Westminster businesses use the council’s commercial waste service with the remaining 60% using private companies.</p>														
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<p>Religion or belief</p>	<p>N/A</p>														
<p><b>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the proposal may have a disproportionate impact</b></p>	<p>N/A</p>														

<i>on this group even if it is a universal service.</i>																																														
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<sup>11</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.</b></p>				

<b>2.5</b>	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>2.6</b>	<b>Provide brief reasons on how have you come to this decision?</b>
	Commercial waste charges are applied equally (per bag, bin etc.) to all businesses choosing to use the council’s services; whether large or small, local or multinational and irrespective of any protected characteristics. Businesses can opt to use other waste collection companies and are not required to use the council service.

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men					X		
	Women					X		
Race	White					X		
	Mixed/Multiple ethnic groups					X		
	Asian/Asian British					X		
	Black/African/Caribbean/Black British					X		
	Gypsies / travellers					X		
	Other ethnic group					X		
Disability	Physical					X		
	Sensory					X		
	Learning Difficulties					X		
	Learning Disabilities					X		
	Mental Health					X		

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual					X		
<b>Age</b>	Older people (50+)					X		
	Younger people (16 - 25)					X		
<b>Gender Reassignment</b>						X		
<b>Impact due to pregnancy/maternity</b>						X		
<b>Groups with particular faiths and beliefs</b>						X		
<b>People on low incomes</b>						X		

**SECTION 4: ACTION PLAN**

**4.1** Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.

*Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.*

**NB. Add any additional rows, if required.**

Page 398	Action Required	Equality Groups Targeted	Intended outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG
	N/A						
	<i>Enter additional rows if required</i>						

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....

**FULL NAME:** Mark Banks.....

**UNIT:** CMC Waste & Parks.....

**EMAIL & TELEPHONE EXT:** [mbanks@westminster.gov.uk](mailto:mbanks@westminster.gov.uk) x3369

**DATE (DD/MM/YYYY):** 11<sup>th</sup> June 2018

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

**All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**



## EQUALITY IMPACT ASSESSMENT TEMPLATE

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### SECTION 1:

Title	7.26 – Parking Debt Management Services Contract
<p>What are you analysing?</p> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	<p>All Local Authorities have statutory powers to recover outstanding debt in relation to Penalty Charge Notices (PCNs).</p> <p>The basic statutory process is such that if the PCN remains unpaid for sixty days after the issue of a Charge certificate, the Council can apply for the debt to be registered with the Traffic Enforcement Centre (TEC) at Northampton County Court, enabling it to ultimately be collectable by a Certificated Enforcement Agent (CEA, formerly called bailiffs) through the issue of a warrant.</p> <p>Since 2006, Westminster Parking Services has required the Parking Debt Management Contract provider to deliver additional services beyond traditional post-warrant enforcement. These initially focused on the provider making additional attempts to contact the debtor prior to registration of the debt at the TEC, with the aim of reducing the extent to which cases unnecessarily progress through to debt registration, for which the Council is charged a fee, and also to reduce the extent to which post-warrant enforcement activity occurs.</p> <p>Subsequently the service has developed to include additional supporting debt recovery services aimed at improving recovery and reducing the amount of debt that is written-off as uncollectable.</p> <p>Consequently the current service, in addition to the traditional post-warrant recovery, includes the following additional supporting functions:</p>

	<ul style="list-style-type: none"> <li>• Pre County Court/TEC Recovery - through pro-active attempts at contact by the provider this process seeks to recover the debt, or at least prompt engagement with the debtor, in order to prevent escalation through to Court registration at the TEC.</li> <li>• Expired Warrant Recovery - the warrant has a life span of 12 months and this process provides an additional and alternative further tier of debt recovery following the expiry of the warrant.</li> <li>• Tracing – provides a valuable supporting function across each part of the recovery process that tests the quality of the data obtained from the DVLA in order to validate continued recovery action, as well as identifying new address so that cases can be appropriately actioned.</li> <li>• Foreign Debt Recovery – provides a process dedicated to focusing recovery on the approximate 16,000 PCNs issued annually in Westminster to vehicles bearing a foreign registration.</li> <li>• Scottish Debt Recovery – provides a process for Scottish debt recovery, as the parking legislation that governs the process for PCN issue and progression is not applicable in/to Scotland.</li> </ul> <p>In order to further develop the service the procurement aimed to see how the market could deliver improvement in these service areas, as well as provide the following additional services as part of the contract:</p> <ul style="list-style-type: none"> <li>• Pre-Write Off Recovery Process – a further recovery process, independent of those already employed, to provide a final attempt at recovery of the debt and to provide assurance that the debt was uncollectable before consigning to write off, as well as providing a test of the quality of the process the provider uses.</li> <li>• DVLA “No Trace” Recovery Process - a proposal for providing a solution to identifying the keepers of vehicles where the DVLA has no record on file.</li> <li>• Alternative prosecution routes – to provide alternative prosecution routes that sit outside of the traditional route for parking debt escalation to address the problem of persistent evaders. In addition, this will include options to prosecute the drivers of both foreign and Scottish registered vehicles.</li> <li>• Abandoned and Untaxed Vehicle Removal – to provide the facility to remove, store and dispose of both abandoned or untaxed vehicles parked either on publically accessible private land or on the public highway.</li> </ul>
<p>Details of the lead person completing the screening/EIA</p>	<p>(xiv) Full Name: Darren Montague</p> <p>(ii) Position: Service Implementation Manager</p>

	<p>(iii) Unit: Parking Services</p> <p>(iii) Contact Details: <a href="mailto:dmontague@westminster.gov.uk/x2293">dmontague@westminster.gov.uk/x2293</a></p>
<p>Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a></p>	<p>10 May 2018</p>
<p>Version number and date of update</p>	<p>V1.0 10 May 2018</p>
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<b>2.1</b>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li>• <i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li>• <i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>	
	<p>How many people use the service currently?</p> <p>What is this as a % of Westminster’s population?</p>	<p>Difficult to answer as what does ‘use the service’ mean in this context? Does a debtor with an outstanding Parking-related debt necessarily ‘use the service’? Taking into account those who go through the Parking debt recovery process and foreign debtors, an estimate is 60,000 p/a.</p> <p>Taking this figure as a % of Westminster’s 226,841 population = 26%. However, it should be noted that the majority of debtors reside outside of Westminster.</p>
	Gender	The gender split of Westminster’s Parking-related debtors is estimated to be 48% male vs 52% female. According to the DVLA, in 2010 the gender split of UK motorists was 54% male vs 46% female. However, as a statutory function it applies regardless of gender.
	Race	This data is not collected. As a statutory function, it applies regardless of race.
	Disability	Again, hard to ascertain but Motability users account for approx. 2% of Westminster’s debtors. As a statutory function, it applies regardless of disability.
	Sexual orientation	Data not collected. As a statutory function, it applies regardless of sexual orientation.
	Age	Data not collected but it is expected it would be in line with UK licence holders: <29 is 15%, 30-39 is 17%, 40-49 is 21%, 50-59 is 20%, 60-69 is 17% and 70+ is 11%. Statutory function so applies regardless of age.

	Religion or belief	Data not collected. Statutory function so applies regardless of religion or belief.			
<b>2.2</b> Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? <i>If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</i>	<i>If yes, provide details.</i>  No.				
<b>2.3</b> Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? <i>If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.</i>	<i>If yes, provide details.</i>  No.				
<b>2.4</b>	<b>Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?</b>				
		<b>None</b>	<b>Positive</b>	<b>Negative</b>	<b>Not sure</b>
	Men or women	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disabled <sup>12</sup> people (consider different types of physical, learning or mental disabilities)	<input type="checkbox"/>	X	X	<input type="checkbox"/>
	People of particular sexual orientation/s	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<sup>12</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

People in particular age groups (consider in particular children, under 21s and over 65s)	X	X	X	<input type="checkbox"/>
People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Impact due to pregnancy/ maternity	<input type="checkbox"/>	X	X	<input type="checkbox"/>
People of particular faiths and beliefs	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input type="checkbox"/>	X	X	<input type="checkbox"/>

**If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.**

<b>2.5</b>	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>2.6</b>	<b>Provide brief reasons on how have you come to this decision?</b>
	<p>Section 2.4 marks four groups as potentially being subjected to negative impacts as a result of this statutory function: disabled people, pregnant women, the aged and people on low incomes. Whilst the service does not discriminate against these groups in any way, they may each find it comparatively harder to cope with debt and may suffer more anxiety as a result. Because of this, the contract specifically contains vulnerability policies and caters for debtors identified as ‘vulnerable’. The contract doesn’t define ‘vulnerability’ upon a predictive list, particularly as the triggers that can cause it may be temporary in nature, but instead applies a tailored approach based on individual circumstances. This may include any of the above protected characteristics and more. All staff are trained to recognise and identify vulnerable customers and policies are set to deal with them sensitively and supportively. The provider also specifically employs a Welfare Support Team, whose remit is to deal with vulnerable customers and provide individual support, incorporating the help of national debt advice organisations such as National Debtline, The Samaritans, Citizens’ Advice Bureau, Money Advice Service etc. Accordingly, the service has the potential to also disproportionately impact on these groups in a positive way, so I have marked section 2.4 as such.</p> <p>The contract encourages and rewards the provider to proactively trace, pursue and settle debt prior to debt registration as this is beneficial for both the Council and the debtor. In doing this, the debt is more likely to be settled or written-off at an early stage meaning that the Council and the provider do not waste resources tracing and pursuing the debt and the debtor does not experience the anxiety and spiralling cost of the debt working its way through the statutory process.</p> <p>In terms of people on low incomes, social value is now a standard addition to the Quality scoring criteria of all procurements, in order to ensure that providers help the Council realise its City for All aspirations.</p>

	<p>In this regard, our provider has committed to dedicate resource to support each of the Council's stated priority areas, one of which is to help Westminster's unemployed back to work, which could include some people within this group.</p>
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**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men					X		
	Women					X		
Race	White					X		
	Mixed/Multiple ethnic groups					X		
	Asian/Asian British					X		
	Black/African/Caribbean/Black British					X		
	Gypsies / travellers					X		
	Other ethnic group					X		
Disability	Physical	X			X		Vulnerability policies	
	Sensory	X			X		Vulnerability policies	
	Learning Difficulties	X			X		Vulnerability policies	
	Learning Disabilities	X			X		Vulnerability policies	
	Mental Health	X			X		Vulnerability policies	

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual					X		
<b>Age</b>	Older people (50+)	X			X		Vulnerability policies	
	Younger people (16 - 25)					X		
<b>Gender Reassignment</b>						X		
<b>Impact due to pregnancy/maternity</b>		X			X		Vulnerability policies	
<b>Groups with particular faiths and beliefs</b>						X		
<b>People on low incomes</b>		X			X		Vulnerability policies	

**SECTION 4: ACTION PLAN**

**4.1** Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.

*Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.*

**NB. Add any additional rows, if required.**

Page 409	Action Required	Equality Groups Targeted	Intended outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG
	None.						
	<i>Enter additional rows if required</i>						

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** Adam Warnes

**FULL NAME:** Adam Warnes

**UNIT:** Parking Services

**EMAIL & TELEPHONE EXT:** [awarnes@westminster.gov.uk](mailto:awarnes@westminster.gov.uk) / x4074

**DATE (DD/MM/YYYY):** 10/05/2018

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

**All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**



## EQUALITY IMPACT ASSESSMENT TEMPLATE

Completing an EIA is the simplest way to demonstrate that the Council has considered the equality impacts of its decisions and it reduces the risk of legal challenge. EIAs should be carried out at the earliest stages of policy development or a service review, and then updated as the policy or review develops. EIAs must be undertaken when it is possible for the findings to inform the final decision.

### SECTION 1:

<b>Title</b>	7.27 - Road Management: Road Reclassification
<b>What are you analysing?</b> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	<p>The review of the classification of the City of Westminster’s road network against the relevant Department for Transport categories.</p> <p>This review ensures that the right statutory powers are available to be applied to streets where additional control is available for “higher category” streets. This helps the Council protect the public by better control of works on the highway.</p>
<b>Details of the lead person completing the screening/EIA</b>	<p>(xv) Full Name: Jonathan Rowing</p> <p>(ii) Position: Head of Road Management</p> <p>(iii) Unit: City Highways/City Management</p> <p>(iii) Contact Details: <a href="mailto:jrowing@westminster.gov.uk">jrowing@westminster.gov.uk</a>- x3147</p>
<b>Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a></b>	11/5/18
<b>Version number and date of update</b>	1.0
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<p>2.1</p>	<p>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</p> <ul style="list-style-type: none"> <li><i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li><i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>	
	<p>How many people use the service currently? What is this as a % of Westminster’s population?</p>	<p>This reclassification impacts powers related to various highways regulatory services. Applications are made on behalf of a range of companies or individuals across 5 related services:</p> <ul style="list-style-type: none"> <li>Crane Licences</li> <li>Temporary Structure Licences</li> <li>Temporary Road Closures</li> <li>The London Permit Scheme for Roadworks and Streetworks (Westminster)</li> <li>Licences under S50 of the New Roads and Streetworks Act</li> </ul> <p>Applicants are not Westminster residents and are mainly professional representatives of companies undertaking works in the highway.</p>
<p>Gender</p>	<p>Unknown. We do not capture this data as applicants are mainly professional operatives for utilities or building companies etc. The gender of the applicant is therefore not applicable and the gender of any end-user of the works being undertaken is not visible to the Council.</p>	
<p>Race</p>	<p>Unknown. We do not capture this data as applicants are mainly professional operatives for utilities or building companies etc. The race of the applicant is therefore not applicable and the race of any end-user of the works being undertaken is not visible to the Council.</p>	
<p>Disability</p>	<p>Unknown. We do not capture this data as applicants are mainly professional operatives for utilities or building companies etc. Any disability of the applicant is therefore not applicable and</p>	

		any disability of any end-user of the works being undertaken is not visible to the Council.
	Sexual orientation	Unknown. We do not capture this data as applicants are mainly professional operatives for utilities or building companies etc. The sexual orientation of the applicant is therefore not applicable and the sexual orientation of any end-user of the works being undertaken is not visible to the Council.
	Age	Unknown. We do not capture this data as applicants are mainly professional operatives for utilities or building companies etc. The age of the applicant is therefore not applicable and the age of any end-user of the works being undertaken is not visible to the Council.
	Religion or belief	Unknown. We do not capture this data as applicants are mainly professional operatives for utilities or building companies etc. The religion of the applicant is therefore not applicable and the religion of any end-user of the works being undertaken is not visible to the Council.
<p><b>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? <i>If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</i></b></p>	No	
<p><b>2.3 Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? <i>If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.</i></b></p>	No	

2.4 Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?				
	None	Positive	Negative	Not sure
Men or women	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disabled <sup>13</sup> people (consider different types of physical, learning or mental disabilities)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People in particular age groups (consider in particular children, under 21s and over 65s)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Impact due to pregnancy/ maternity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.</b>				
2.5 Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal				
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>				
2.6 Provide brief reasons on how have you come to this decision?				
<p>Any change of classification of the streets is a technical assessment. It provides additional powers to control certain works which makes the highway safer for certain vulnerable groups. Applicants are mainly not Westminster residents and are mainly operatives for developers, utilities or contractors.</p> <p>Streets that move into a higher category may attract a higher charge for some services (not all changes will have this effect) but it is judged there is no negative effect on person on low incomes as less than 1% of the related applications would be directly associated with an individual resident. No data is held as to income of those residents but given this is mainly related to large building or development work it is not likely that they are low income persons.</p>				

<sup>13</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men							
	Women							
Race	White							
	Mixed/Multiple ethnic groups							
	Asian/Asian British							
	Black/African/Caribbean/Black British							
	Gypsies / travellers							
	Other ethnic group							
Disability	Physical							
	Sensory							
	Learning Difficulties							
	Learning Disabilities							
	Mental Health							

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual							
<b>Age</b>	Older people (50+)							
	Younger people (16 - 25)							
<b>Gender Reassignment</b>								
<b>Impact due to pregnancy/maternity</b>								
<b>Groups with particular faiths and beliefs</b>								
<b>People on low incomes</b>								

**SECTION 4: ACTION PLAN**

**4.1** Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.

*Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.*

**NB. Add any additional rows, if required.**

Page 417	Action Required	Equality Groups Targeted	Intended outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG
	<i>Enter additional rows if required</i>						

THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER
<b>SIGNATURE:</b> .....
<b>FULL NAME:</b> .....
<b>UNIT:</b> .....
<b>EMAIL &amp; TELEPHONE EXT:</b> .....
<b>DATE (DD/MM/YYYY):</b> .....

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

**All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**



## EQUALITY IMPACT ASSESSMENT TEMPLATE

**PLEASE ENSURE YOU READ THE GUIDANCE NOTES BEFORE COMPLETING THIS TEMPLATE**

Completing an EIA is the simplest way to demonstrate that the Council has considered the equality impacts of its decisions and it reduces the risk of legal challenge. EIAs should be carried out at the earliest stages of policy development or a service review, and then updated as the policy or review develops. EIAs must be undertaken when it is possible for the findings to inform the final decision.

### SECTION 1:

<p><b>Title</b></p>	<p><b>2.09 - Libraries and Registrars commercial and business opportunities</b></p>
<p>What are you analysing?</p> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	<ul style="list-style-type: none"> <li>- ‘Big ticket’ income generation in libraries including rooms for hire, filming, advertising, Post Office mini model and events</li> </ul> <p>The initiative is intended to benefit all library users, residents, the wider council and staff by ensuring the service becomes cost neutral and self-sufficient, reducing the need for funding from other council revenue and grants. The overall benefit of the initiative will ensure the ongoing provision of core library services free of charge to all residents, at a time when the council is facing increasing financial pressures.</p> <p>The decision will target staff, who will need to help facilitate the income generation and commercial targets. Consideration for people from low-income or disadvantaged background should be noted where charges are to be introduced, however the intended outcome is to ensure the continuation of core services free of charge.</p> <p>The intended results are to generate savings of £300k in 2019/20.</p>
<p>Details of the lead person completing the screening/EIA</p>	<p>(xvi) Full Name: Mike Clarke</p> <p>(ii) Position: Director, Libraries &amp; Registrars Service</p> <p>(iii) Unit: City Management</p> <p>(iii) Contact Details: 020 7641 2199</p>

Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a>	
Version number and date of update	Version 2
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

**2.1** Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal

- If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.
- Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal

<p>How many people use the service currently? What is this as a % of Westminster's population?</p>	<p>WCC Visits 2017/18: 1973062                  WCC Active Members: 57990                  WCC population: 226841 (Based on 2013 mid-year estimates*)</p> <p>The visits are the number of customers that come through the door. It includes residents and non-residents.                  The active members are, members who have used their library card at least once within the last year.</p>																																														
<p>Gender</p>	<p>Female: 24375                  Male: 19256                  No Reply: 2241</p>																																														
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Sexual orientation	Data not collected																				
Religion or belief	Data not collected																				

<b>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their</b>	<i>If yes, provide details.</i>
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<p><b>size of the population? If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</b></p>				
<p><b>2.3 Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.</b></p>	<p><i>If yes, provide details.</i></p>			
<b>2.4</b>	<b>Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?</b>			
	<b>None</b>	<b>Positive</b>	<b>Negative</b>	<b>Not sure</b>
Men or women	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disabled <sup>14</sup> people (consider different types of physical, learning or mental disabilities)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People in particular age groups (consider in particular children, under 21s and over 65s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<sup>14</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Impact due to pregnancy/ maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.**

<b>2.5</b>	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>2.6</b>	<b>Provide brief reasons on how have you come to this decision?</b>
	Due to the nature of the initiative, there is no overall impact on any one group with protected characteristics. The intended outcome of the activities will increase income and provide savings, but with the overall intention to continue providing core library services free of charge to all residents.

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men					X		
	Women					X		
Race	White					X		
	Mixed/Multiple ethnic groups					X		
	Asian/Asian British					X		
	Black/African/Caribbean/Black British					X		
	Gypsies / travellers					X		
	Other ethnic group					X		
Disability	Physical					X		
	Sensory					X		
	Learning Difficulties					X		
	Learning Disabilities					X		
	Mental Health					X		

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual					X		
<b>Age</b>	Older people (50+)					X		
	Younger people (16 - 25)					X		
<b>Gender Reassignment</b>						X		
<b>Impact due to pregnancy/maternity</b>						X		
<b>Groups with particular faiths and beliefs</b>						X		
<b>People on low incomes</b>					X		The introduction of paid for services e.g. some events, may exclude people from low incomes. The continued provision of similar/alternative free events across all libraries should mitigate this impact	

**SECTION 4: ACTION PLAN**

<p><b>4.1</b></p>	<p>Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.</p> <p><i>Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.</i></p> <p><b>NB. Add any additional rows, if required.</b></p>						
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 427</p>	<p><b>Action Required</b></p>	<p><b>Equality Groups Targeted</b></p>	<p><b>Intended outcome</b></p>	<p><b>Resources Needed</b></p>	<p><b>Name of Lead, Unit &amp; Contact Details</b></p>	<p><b>Completion Date (DD/MM/YY)</b></p>	<p><b>RAG</b></p>
	<p><i>Enter additional rows if required</i></p>						

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....

**FULL NAME:** .....

**UNIT:** .....

**EMAIL & TELEPHONE EXT:** .....

**DATE (DD/MM/YYYY):** .....

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

**All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**



## EQUALITY IMPACT ASSESSMENT TEMPLATE

**PLEASE ENSURE YOU READ THE GUIDANCE NOTES BEFORE COMPLETING THIS TEMPLATE**

Completing an EIA is the simplest way to demonstrate that the Council has considered the equality impacts of its decisions and it reduces the risk of legal challenge. EIAs should be carried out at the earliest stages of policy development or a service review, and then updated as the policy or review develops. EIAs must be undertaken when it is possible for the findings to inform the final decision.

### SECTION 1:

<p><b>Title</b></p>	<p>2.10 - Community Services: Controllable Spending Review 2019/2020</p>
<p>What are you analysing?</p> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	<p>Community Services has identified an outline MTP saving of £119k for 2019/20, as part of a controllable expenditure review. The review is based on previous year (2017/18) financial performance and future efficiencies that will be realised through minor restructuring across the directorate.</p> <p>The following key elements that will support this MTP saving and an outline budget allocation is shown in the table beneath:</p> <ul style="list-style-type: none"> <li>• Controllable spend through leisure contract delivery of PALS (Physical and Leisure Services)</li> <li>• Utilisation of capitalization of salaries on major projects</li> </ul> <p>NB – the majority of cost reduction is expected to come from capitalisation of salary.</p> <p><b>Due to the nature of the identified savings (ie its within controllable spending) it is not felt that there are any impacts on people who share a protected characteristic under the Equality Act 2010.</b></p> <p>It is not felt that either of the activities above will impact on any group more than others or that the opportunity to access services will change.</p>

Details of the lead person completing the screening/EIA	(i) Full Name: Andrew Durrant (ii) Position: Interim Director of Community Services (iii) Unit: Community Services (City Management and Communities) (iii) Contact Details: (e) <a href="mailto:adurrant@westminster.gov.uk">adurrant@westminster.gov.uk</a> (t) 020 7641 5885
Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a>	14.05.2018
Version number and date of update	V1
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<b>2.1</b>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li><i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li><i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>	
	<p>How many people use the service currently? What is this as a % of Westminster’s population?</p>	<p>Westminster’s sport and leisure facilities attract over 3 million visits per year. The centres are fully inclusive and open to all sectors of the community, with concessionary rates available to specific groups that may require additional support and also to those that fall within priority groups.</p>
	<p>Gender</p>	<p>N/A</p>
	<p>Race</p>	<p>N/A</p>
	<p>Disability</p>	<p>N/A</p>
	<p>Sexual orientation</p>	<p>N/A</p>
	<p>Age</p>	<p>N/A</p>
	<p>Religion or belief</p>	<p>N/A</p>

<p><b>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</b></p>	<p>Generally, participation levels in Westminster are higher than the London and national average figures and participation by some equality groups (e.g. women and those from Black and Minority Ethnic backgrounds) is higher than the London average.</p>			
<p><b>2.3 Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.</b></p>	<p>Overall, and recognising the limitations of the data available, there is a reasonable representation relative to the size of the population and relative to the London wide and national comparators.</p>			
<p><b>2.4 Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?</b></p>				
	<p><b>None</b></p>	<p><b>Positive</b></p>	<p><b>Negative</b></p>	<p><b>Not sure</b></p>
<p>Men or women</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>Disabled<sup>15</sup> people (consider different types of physical, learning or mental disabilities)</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>People of particular sexual orientation/s</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>People in particular age groups (consider in particular children, under 21s and over 65s)</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>Impact due to pregnancy/ maternity</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>

<sup>15</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.**

<b>2.5</b>	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>2.6</b>	<b>Provide brief reasons on how have you come to this decision?</b>
	<p>The Council’s leisure management contract has a detailed and clear specification for this service and was designed to ensure an increase in opportunities rather than any reductions. This has created opportunity for the re-shaping of service delivery as some existing services are now delivered within the leisure contract.</p> <p>This controllable spending review sets out to realign existing budgets to better reflect service delivery and the fact that officer resource is spent on large-scale capital development projects rather than coordinating revenue programmes.</p> <p>It is not anticipated that there will be a change in the quality or breadth of services provided (both directly and under a specification and contract for services) by an external partner.</p>

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men					X		
	Women					X		
Race	White					X		
	Mixed/Multiple ethnic groups					X		
	Asian/Asian British					X		
	Black/African/Caribbean/Black British					X		
	Gypsies / travellers					X		
	Other ethnic group					X		
Disability	Physical					X		
	Sensory					X		
	Learning Difficulties					X		
	Learning Disabilities					X		
	Mental Health					X		

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual					X		
<b>Age</b>	Older people (50+)					X		
	Younger people (16 - 25)					X		
<b>Gender Reassignment</b>						X		
<b>Impact due to pregnancy/maternity</b>						X		
<b>Groups with particular faiths and beliefs</b>						X		
<b>People on low incomes</b>						X		

**SECTION 4: ACTION PLAN**

**4.1** Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.

*Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.*

**NB. Add any additional rows, if required.**

Page 436	Action Required	Equality Groups Targeted	Intended outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG
	N/A						
	<i>Enter additional rows if required</i>						

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....

**FULL NAME:** Andrew Durrant

**UNIT:** City Management and Community Services

**EMAIL & TELEPHONE EXT:** [adurrant@westminster.gov.uk](mailto:adurrant@westminster.gov.uk) #5885

**DATE (DD/MM/YYYY):** 14/05/2018

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

**All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**

## EQUALITY IMPACT ASSESSMENT TEMPLATE

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### SECTION 1:

<p><b>Title</b></p>	<p>6.11 Integrated neighbourhood service (phase 3)</p>
<p>What are you analysing?</p> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/stategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	<p>This next phase of effective neighbourhood working is a continuation of a council-wide neighbourhood approach, where services are delivered locally and tailored to the needs of the community.</p> <p>The ENW working principles (below) will remain core to developing wider integrated neighbourhood services, but more specifically savings will be realised through integration of service improvement resources and by ensuring more effective coordination and delivery across City Management &amp; Communities, Growth Planning and Housing and Public Health services.</p> <ul style="list-style-type: none"> <li>• Integrated view</li> <li>• Excellent staff</li> <li>• Intelligence led</li> <li>• Customer and Community</li> <li>• Effective and efficient</li> </ul> <p>This phase will focus on great service efficiencies, considered as ‘back-office’ functions and therefore represent no impact to service users nor Westminster residents. The two main work streams that will realise further MTP savings are:</p> <ol style="list-style-type: none"> <li>3. A review and integration of directorate service improvement and transformation resource between GPH and CM&amp;C</li> <li>4. Integration of Public Health funding and consolidation of commissioned services (e.g. Physical Activity Hubs and the Greener City activity) to increase impact and maximise efficiencies</li> </ol> <p>As a result, the departments involved will benefit from greater integration of resources and skills that will ultimately provide more integrated neighbourhood services rather than isolated support and delivery that occurs in part through the current working models.</p>

<p>Details of the lead person completing the screening/EIA</p>	<p>(xvii) Full Name: Richard Barker</p> <p>(ii) Position: Director for City Management and Communities</p> <p>(iii) Unit: City Management and Communities</p> <p>(iii) Contact Details:</p>
<p>Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a></p>	<p>9<sup>th</sup> August 2018</p>
<p>Version number and date of update</p>	<p>V.1</p>
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<p><b>2.1</b></p>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li><i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li><i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>									
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<p><b>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</b></p>	<p><i>If yes, provide details.</i></p>									

<b>2.3 Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? <i>If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.</i></b>	<i>If yes, provide details.</i>																																																		
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People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																																															
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People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																																															
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<sup>16</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

2.5	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
2.6	<b>Provide brief reasons on how have you come to this decision?</b>
	As detailed in summary the phase of ENW will not disproportionately impact on groups as per responses to 1.2 and 1.3.

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men					X		
	Women					X		
Race	White					X		
	Mixed/Multiple ethnic groups					X		
	Asian/Asian British					X		
	Black/African/Caribbean/Black British					X		
	Gypsies / travellers					X		
	Other ethnic group					X		
Disability	Physical					X		
	Sensory					X		
	Learning Difficulties					X		
	Learning Disabilities					X		
	Mental Health					X		

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual					X		
<b>Age</b>	Older people (50+)					X		
	Younger people (16 - 25)					X		
<b>Gender Reassignment</b>						X		
<b>Impact due to pregnancy/maternity</b>						X		
<b>Groups with particular faiths and beliefs</b>						X		
<b>People on low incomes</b>						X		

**SECTION 4: ACTION PLAN**

**4.1** Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.

*Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.*

**NB. Add any additional rows, if required.**

Page 445	Action Required	Equality Groups Targeted	Intended outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG
	<i>Enter additional rows if required</i>						

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE: A. Durrant** .....

**FULL NAME: Andrew Durrant**.....

**UNIT: CMC** .....

**EMAIL & TELEPHONE EXT: 5885**.....

**DATE (DD/MM/YYYY): 09/08/2018**.....

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

**All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**

## EQUALITY IMPACT ASSESSMENT TEMPLATE

**PLEASE ENSURE YOU READ THE GUIDANCE NOTES BEFORE COMPLETING THIS TEMPLATE**

Completing an EIA is the simplest way to demonstrate that the Council has considered the equality impacts of its decisions and it reduces the risk of legal challenge. EIAs should be carried out at the earliest stages of policy development or a service review, and then updated as the policy or review develops. EIAs must be undertaken when it is possible for the findings to inform the final decision.

### SECTION 1:

<p><b>Title</b></p>	<p><b>7.12 Sport &amp; Leisure – Phase II</b></p>
<p>What are you analysing?</p> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	<p>This EIA seeks to assess the equality impacts concerning proposals for additional income from the Council’s leisure services, which forms part of the Council’s Medium Term Plan savings for 19/20.</p> <p>A new Leisure contract was awarded in July 2016 for a period of 10 (+5) years, the contract specifies a range of financial targets that include profit generation through capital investment and service development.</p> <p>A differentiated and market driven approach is already in place for fees and charges for sports and leisure services and the proposal will expand opportunities to further increase charges for key high demand/ commercial activities (e.g. commercial events and commercial activities within the Outdoor Learning Unit).</p> <p>Savings will be delivered through an increase in income for direct delivered services and some contractual savings through the leisure contract. It is not anticipated that the proposal will include any FTE reductions.</p> <p>Given the universal nature of the services being delivered (i.e. they are open to the whole community), given the fees and charges structures for the service seek to promote participation for the whole community (i.e. discounts are offered for residents and concessionary groups) and as many of the services will continue to be delivered to at least the same standard (both directly and under a specification and contract for services) by an external partner, <b>it is not felt that there are any impacts on people who share a protected characteristic under the Equality Act 2010.</b></p>

	It is not felt that either of the activities above will impact on any group more than others or that the opportunity to access services will change.
Details of the lead person completing the screening/EIA	<p>(i) Full Name: Andrew Durrant</p> <p>(ii) Position: Interim Director of Community Services</p> <p>(iii) Unit: Community Services (City Management and Communities)</p> <p>(iii) Contact Details: (e) <a href="mailto:adurrant@westminster.gov.uk">adurrant@westminster.gov.uk</a> (t) 020 7641 5885</p>
Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a>	14.05.2018
Version number and date of update	V1
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<b>2.1</b>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li><i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li><i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>	
	<p>How many people use the service currently? What is this as a % of Westminster’s population?</p>	<p>Westminster’s sport and leisure facilities attract over 3 million visits per year. The centres are fully inclusive and open to all sectors of the community, with concessionary rates available to specific groups that may require additional support and also to those that fall within priority groups.</p>
	<p>Gender</p>	<p>N/A</p>
	<p>Race</p>	<p>N/A</p>
	<p>Disability</p>	<p>N/A</p>
	<p>Sexual orientation</p>	<p>N/A</p>
	<p>Age</p>	<p>N/A</p>
	<p>Religion or belief</p>	<p>N/A</p>

<p><b>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</b></p>	<p>Generally participation levels in Westminster are higher than the London and national average figures and participation by some equality groups (e.g. women and those from Black and Minority Ethnic backgrounds) is higher than the London average.</p>			
<p><b>2.3 Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.</b></p>	<p>Overall, and recognising the limitations of the data available, there is a reasonable representation relative to the size of the population and relative to the London wide and national comparators.</p>			
<p><b>2.4 Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?</b></p>				
	<p><b>None</b></p>	<p><b>Positive</b></p>	<p><b>Negative</b></p>	<p><b>Not sure</b></p>
<p>Men or women</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>Disabled<sup>17</sup> people (consider different types of physical, learning or mental disabilities)</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>People of particular sexual orientation/s</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>People in particular age groups (consider in particular children, under 21s and over 65s)</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>Impact due to pregnancy/ maternity</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>

<sup>17</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.**

<b>2.5</b>	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>2.6</b>	<b>Provide brief reasons on how have you come to this decision?</b>
	<p>The Council’s leisure management contract has a detailed and clear specification for this service and was designed to ensure an increase in opportunities rather than any reductions.</p> <p>The services concerned are of a universal nature delivered (i.e. they are open to the whole community) and fees and charges structures for the service seek to promote participation for the whole community (i.e. discounts are offered for residents and concessionary groups).</p> <p>It is not anticipated that there will be a change in the quality or breadth of services provided (both directly and under a specification and contract for services) by an external partner.</p>

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men					X		
	Women					X		
Race	White					X		
	Mixed/Multiple ethnic groups					X		
	Asian/Asian British					X		
	Black/African/Caribbean/Black British					X		
	Gypsies / travellers					X		
	Other ethnic group					X		
Disability	Physical					X		
	Sensory					X		
	Learning Difficulties					X		
	Learning Disabilities					X		
	Mental Health					X		

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual					X		
<b>Age</b>	Older people (50+)					X		
	Younger people (16 - 25)					X		
<b>Gender Reassignment</b>						X		
<b>Impact due to pregnancy/maternity</b>						X		
<b>Groups with particular faiths and beliefs</b>						X		
<b>People on low incomes</b>						X		

**SECTION 4: ACTION PLAN**

**4.1** Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.

*Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.*

**NB. Add any additional rows, if required.**

Page 454	Action Required	Equality Groups Targeted	Intended outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG
	To ensure the detailed design of new facilities or enhancing existing sites (including the new community facilities on the Jubilee site) promote universal opportunities including groups with protected characteristics.	All groups	New facilities encourage access for the whole community and promote the requirements of the Equality Act 2010	N/A	Andrew Durrant Director of Community Services	2020/21	Green
	To develop a programme of activities for users with disabilities at the community sports facility at Jubilee (in addition to those at all sites) to mitigate any impact of the closure of Jubilee Sports Centre	Residents with disabilities/ older people	That people in this grouping are engaged and assisted in accessing and participating in sport and leisure activities in Queen’s Park	N/A	Andrew Durrant Director of Sports, Leisure and Wellbeing	2020/21	Green

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....

**FULL NAME:** Andrew Durrant

**UNIT:** City Management and Community Services

**EMAIL & TELEPHONE EXT:** [adurrant@westminster.gov.uk](mailto:adurrant@westminster.gov.uk) #5885

**DATE (DD/MM/YYYY):** 14/05/2018

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

**All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**



## EQUALITY IMPACT ASSESSMENT TEMPLATE

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### SECTION 1:

Title	7.19 – Libraries further service transformations
<p>What are you analysing?</p> <ul style="list-style-type: none"> <li>• What is the policy/project/activity/strategy looking to achieve?</li> <li>• Who is it intended to benefit? Are any specific groups targeted by this decision?</li> <li>• What results are intended?</li> </ul>	<ul style="list-style-type: none"> <li>• Introduction of Smart Open at 3-5 sites and streamlining of self-service offer, with reduction of employee costs The initiative will potentially benefit all current and future users by:                         <ol style="list-style-type: none"> <li>1. Improve our self-service offer by providing an increase opportunity for use of our library service at alternative times.</li> <li>2. Improve performance of self-service technology, reliability and the customer experience.</li> <li>3. Increased potential for extending library opening hours                                 <ul style="list-style-type: none"> <li>○ Maximising the use of our spaces for   <ul style="list-style-type: none"> <li>- income generating</li> <li>- community activities</li> </ul> </li> </ul> </li> <li>4. Improved use of staff time for more focused activities and an improved enquiry service</li> </ol> </li> <li>• Seek further efficiencies in overheads, contract costs and supplies and services, particularly through more efficient stock procurement</li> </ul> <p>The intended results are to generate savings of £200k in 2019/20.</p>
<p>Details of the lead person completing the screening/EIA</p>	<p>(xviii) Full Name: Mike Clarke</p> <p>(ii) Position: Director, Libraries &amp; Registrars Service</p> <p>(iii) Unit: City Management</p> <p>(iii) Contact Details: 020 7641 2199</p>

Date sent to <a href="mailto:Equalities@westminster.gov.uk">Equalities@westminster.gov.uk</a>	
Version number and date of update	
<p><i>You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder.</i></p>	

**SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?**

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<b>2.1</b>	<p><b>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</b></p> <ul style="list-style-type: none"> <li><i>If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.</i></li> <li><i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i></li> </ul>																																				
	<p>How many people use the service currently? What is this as a % of Westminster's population?</p>	<p>WCC Visits 2017/18: 1973062                  WCC Active Members: 57990                  WCC population: 226841 (Based on 2013 mid-year estimates*)</p> <p>The visits are the number of customers that come through the door. It includes residents and non-residents.                  The active members are, members who have used their library card at least once within the last year.</p>																																			
	<p>Gender</p>	<p>Female: 24375                  Male: 19256                  No Reply: 2241</p>																																			
	<p>Race</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Ethnicity</th> <th style="text-align: center;">No of Members</th> </tr> </thead> <tbody> <tr><td>Arab Moroccan</td><td style="text-align: right;">14</td></tr> <tr><td>Arab/Arab British</td><td style="text-align: right;">1121</td></tr> <tr><td>Asian: Bangladeshi</td><td style="text-align: right;">622</td></tr> <tr><td>Asian: Indian</td><td style="text-align: right;">638</td></tr> <tr><td>Asian: Other Asian</td><td style="text-align: right;">963</td></tr> <tr><td>Asian: Pakistani</td><td style="text-align: right;">222</td></tr> <tr><td>Black: African</td><td style="text-align: right;">1489</td></tr> <tr><td>Black: Caribbean</td><td style="text-align: right;">499</td></tr> <tr><td>Black: Other Black</td><td style="text-align: right;">247</td></tr> <tr><td>Chinese</td><td style="text-align: right;">1922</td></tr> <tr><td>Filipino</td><td style="text-align: right;">20</td></tr> <tr><td>Mixed : Asian African Indian</td><td style="text-align: right;">9</td></tr> <tr><td>Mixed : White and BC</td><td style="text-align: right;">132</td></tr> <tr><td>Mixed :Other mixed</td><td style="text-align: right;">249</td></tr> <tr><td>Mixed :White and Asian</td><td style="text-align: right;">220</td></tr> <tr><td>Mixed :White and BA</td><td style="text-align: right;">208</td></tr> </tbody> </table>	Ethnicity	No of Members	Arab Moroccan	14	Arab/Arab British	1121	Asian: Bangladeshi	622	Asian: Indian	638	Asian: Other Asian	963	Asian: Pakistani	222	Black: African	1489	Black: Caribbean	499	Black: Other Black	247	Chinese	1922	Filipino	20	Mixed : Asian African Indian	9	Mixed : White and BC	132	Mixed :Other mixed	249	Mixed :White and Asian	220	Mixed :White and BA	208	
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10 to 14	4368																															
15 to 19	2517																															
20 to 59	24967																															
5 to 9	3786																															
60 to 64	1539																															
65 to 79	3034																															
80+	579																															
No Reply	15779																															
	Religion or belief	Data not collected																														

<p><b>2.2</b> Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? <i>If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</i></p>	<p><i>If yes, provide details.</i></p>			
<p><b>2.3</b> Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? <i>If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.</i></p>	<p><i>If yes, provide details.</i></p>			
<p><b>2.4</b> Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?</p>				
	<p><b>None</b></p>	<p><b>Positive</b></p>	<p><b>Negative</b></p>	<p><b>Not sure</b></p>
<p>Men or women</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>Disabled<sup>18</sup> people (consider different types of physical, learning or mental disabilities)</p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>People of particular sexual orientation/s</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>People in particular age groups (consider in particular children, under 21s and over 65s)</p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p>Impact due to pregnancy/ maternity</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>

<sup>18</sup> Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

People of particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.**

<b>2.5</b>	<b>Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal</b>
	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
<b>2.6</b>	<b>Provide brief reasons on how have you come to this decision?</b>
	A full EIA needs to be carried out in regard to the use of the library by children under the age of 15 whilst Smart Open in in operation, so that full mitigating actions can be explored.

**SECTION 3: ASSESSING THE IMPACT**

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men							
	Women							
Race	White							
	Mixed/Multiple ethnic groups							
	Asian/Asian British							
	Black/African/Caribbean/Black British							
	Gypsies / travellers							
	Other ethnic group							
Disability	Physical							
	Sensory				Yes		Ensure our library layout mitigate all physical disabilities.	Further reduction of access to face to face frontline services.
	Learning Difficulties							

	Learning Disabilities				Yes		Information regarding staff assisted opening hours clearly displayed and advertised. Telephone assistance provided.	
	Mental Health							

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual							
<b>Age</b>	Older people (50+)				Yes		Smart Open: Older people who may be reluctant to use the self-access technology. Regular induction sessions provided during implementation stage and thereafter.	Social isolation and social exclusion.
	Younger people (16 - 25)				Yes		Smart Open: Children under the age of 16 – safeguarding advice to be sought. Due to health and safety, and safeguarding unaccompanied children may not be able to gain access to the library in self-access mode. However, they would be able to visit the library if accompanied by a registered user aged over 16 during this time.	Social and learning deprivation.
<b>Gender Reassignment</b>								
<b>Impact due to pregnancy/maternity</b>								
<b>Groups with particular faiths and beliefs</b>								
<b>People on low incomes</b>								

**SECTION 4: ACTION PLAN**

**4.1** Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.

*Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.*

**NB. Add any additional rows, if required.**

Page 465	Action Required	Equality Groups Targeted	Intended outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG
	Smart Open: WCC safeguarding teams to advise on use of the library by unaccompanied children during Smart Opening hours.	Children under 16	Reduce any negative impact; provide an alternative solution; ensure health and safety.		Anabel Lopez, head of Service Delivery, 3rd Floor, 35 St Martin's Street, London WC2H 7HP, 020 7641 1033	31/07/18	
	<i>Enter additional rows if required</i>						

**THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER**

**SIGNATURE:** .....

**FULL NAME:** .....

**UNIT:** .....

**EMAIL & TELEPHONE EXT:** .....

**DATE (DD/MM/YYYY):** .....

**WHAT NEXT?**

**It is the responsibility of the service to complete an EIA to the required standard and the quality and completeness of EIAs will be monitored by EMT.**

**All EIAs for proposed changes to levels of service arising from budget proposals must be completed by (insert date).**

**All completed EIAs should be sent to [Equalities@westminster.gov.uk](mailto:Equalities@westminster.gov.uk)**



City of Westminster

## Cabinet

<b>Decision Maker:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>15 October 2018</b>
<b>Classification:</b>	<b>General Release</b>
<b>Title:</b>	<b>Capital Strategy 2019/20 to 2023/24, Forecast Position for 2018/19 and Future Years' forecasts Summarised up to 2032/33.</b>
<b>Wards Affected:</b>	<b>All</b>
<b>Cabinet Member:</b>	<b>Cabinet Member for Finance, Property and Regeneration</b>
<b>Financial Summary:</b>	<b>This report outlines the City Council's Capital Strategy and proposed expenditure and income budgets from 2019/20 to 2023/24, forecast position for 2018/19 and future years' forecasts summarised up to 2032/33. It outlines the proposed £2.521bn expenditure budget, funded by £0.308bn external funding, £0.426bn capital receipts with a £1.786bn net funding requirement from 2018/19 to 2032/33. Funding of the proposed programme, revenue implications, and risks and mitigations are detailed.</b>
<b>Report of:</b>	<b>Steven Mair, City Treasurer Tel: 020 7641 2904 Email: <a href="mailto:smair@westminster.gov.uk">smair@westminster.gov.uk</a></b>

## 1. Executive Summary

- 1.1. This report outlines the City Council's capital strategy and proposed expenditure and income budgets from 2019/20 to 2023/24, forecast position for 2018/19 and future years' forecasts summarised up to 2032/33. The Council is continuing with its well developed, long-term capital planning practice. This report includes details of the strategy up to 2023/24, as well as summarised information up to 2032/33, to show clearly the full quantum of expenditure commitments and the financing of this expenditure during this period. This continues to ensure that the benefits the Council intends to deliver, through the programme, are financially viable in the long-term.
- 1.2. This report updates the Capital Strategy approved by Council on 7 March 2018, with the latest forecasts and projections over future years. Forecasts are based on information received from individual project managers, including actuals in 2018/19 as at the end of Period 4.
- 1.3. The Policy Context section of this report underpins the capital programme's construction and the aims and objectives it is designed to deliver. The report also outlines the governance arrangements that are in place to ensure the programme continues to deliver value for money.
- 1.4. The Council has a significant capital programme across both the General Fund and the Housing Revenue Account (HRA). This supports the strategic aims of the Council, as defined in its *City for All* programme. Capital proposals are considered within the Council's overall medium to long-term priorities, and the preparation of the capital programme is an integral part of the financial planning process. This includes taking full account of the revenue implications of the projects as part of the revenue budget setting process.
- 1.5. The General Fund capital programme covers five areas of expenditure. These are:
  - Development (£0.954bn) – these schemes will help the Council achieve strategic aims and generate income.
  - Investment (£0.072bn) – schemes within this category will increase the diversification of the Council's property portfolio, and will be self-funding, by creating income, and generating efficiency savings.
  - Efficiency (£0.036bn) – these schemes are funded in accordance with the government's "Flexible use of Capital Receipts" (FCR) initiative and to qualify, the schemes must be designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces

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

- Major Strategic Acquisitions (£0.135bn) – these expenditure budgets are to allow the council to acquire properties to enable the development of key strategic sites for future regeneration and investment opportunities.
- Operational (£1.324bn) – these schemes are related to day-to-day activities that will ensure the Council meets its statutory requirements

These categories are explained in more detail in section 7 of this report.

1.6. These programme areas will deliver a wide range of benefits to the City, including:

- to assist in the delivery of 1,850 new affordable homes by 2022/23.
- new improved leisure and education facilities, as well as enterprise space and improved public realm.
- investment in public spaces, transport and other infrastructure, to ensure the continued success of the West End as a business, leisure and heritage destination.
- improved cycle and pedestrian environments to facilitate safe and efficient travel in the City.
- well-maintained and efficiently managed infrastructure, allowing residents, businesses and visitors to enjoy clean, high quality streets.

1.7. The report includes a summary overview of proposed budgets, which is followed by a more detailed breakdown of the programme by service. This includes commentary of the changes in the programme from that recently approved in March 2018, risks and how these will be mitigated, and the financial implications of the programme.

1.8. The Housing Revenue Account (HRA) capital programme has a value of £662.143m over the next five years (2019/20 to 2023/24). It is important to note that HRA resources can only be applied for HRA purposes, and that HRA capital receipts are restricted to fund affordable housing, regeneration or debt redemption.

1.9. There has been an increase in the net funding requirement of £417m since the approval of the 2017/18 to 2031/32 General Fund programme. Reasons for the increase are summarised as follows:

- Change in planning for Oxford Street District investment, with the Council investing £50m per annum for three years to futureproof the West End for future generations. This replaces prior year Council contribution to Oxford Street of £26m.
- Additional schemes totalling £175m delivered by Westminster's Housing Subsidiary Company.
- Inclusion of £42m for potential purchase of a new waste fleet as the current vehicles reach the end of their useful lives. The new vehicles will be greener and more efficient.
- New development schemes totalling £31m to help the Council generate income in future years.
- A further £41m for improvements to the Council's public realm and asset portfolio.

1.10. While the net funding requirement has increased, the cost of financing the programme over 15 years has remained in line with the prior year position. Details of this are explored in paragraph 9.3.

1.11. The proposed budget is fully funded after Council borrowing, but this depends on the schemes being delivered on time and within budget. The impact of borrowing is outlined in the financial implications of the report, in paragraphs 14.13 to 14.21. Any increases in expenditure or reductions in income will need to be managed by the service areas and either contained within the project or funded from elsewhere within the relevant service.

## **2. Recommendations**

### **That the Cabinet be recommended:**

- 2.1. To approve the capital strategy as set out in this report
- 2.2. To approve the capital expenditure for the General Fund as set out in Appendix A for 2019/20 to 2023/24 and future years to 2032/33.
- 2.3. To approve the capital expenditure forecasts for the General Fund as set out in Appendix A for 2018/19 (Period 4).
- 2.4. To approve the expenditure forecast for 2018/19 (Period 4) for the HRA as set out in Appendix B.

- 2.5. To approve that in the event that any additional expenditure is required by a capital scheme over and above this approved programme the revenue consequences of this will be financed by revenue savings or income generation from relevant service areas.
- 2.6. To approve that all development and investment projects, along with any significant projects follow the previously approved business case governance process as set out in paragraphs 5.1 and 6.5 to 6.14 of this report.
- 2.7. To approve that no financing sources, unless stipulated in regulations or necessary agreements, are ring fenced.
- 2.8. To approve that contingencies in respect of major projects are held corporately, with bids for access to those contingencies to be approved by the Capital Review Group (CRG) in the event that they are required to fund capital project costs, as detailed in Sections 12.11 to 12.14.
- 2.9. To approve the council plans to continue its use of capital receipts to fund the revenue costs of eligible proposals (subject to full business cases for each project). This comes under the MHCLG Guidance on the Flexible Use of Capital Receipts (FCR), if considered beneficial to the Council's finances by the City Treasurer at year-end. (The Council's strategy for flexible use of capital receipts is outlined in section 11.)
- 2.10. To approve the use of a further £7.193m of flexible use capital receipts to fund revenue costs associated with City Hall, Network and Telephony Transformation and Technology Refresh projects as detailed in section 11.9 and 11.14 to 11.24.
- 2.11. To approve the Council's proposal to make use of £400m of forward borrowing to finance the capital programme and subsequently reduce the longer-term revenue impact.
- 2.12. To approve the financing of the capital programme and revenue implications as set out in paragraphs 14.1 to 14.33 of this report.
- 2.13. To approve the financing of the capital programme being delegated to the City Treasurer at the year end and to provide sufficient flexibility to allow for the most effective use of Council resources.

### **3. Reasons for Decision**

- 3.1. The Council is required to set a balanced budget, and the capital programme, together with the governance process, which monitors and manages the programme, forms part of this process.

#### 4. **Policy Context**

4.1. The capital strategy is based on the strategic aims of *City for All*. The *City for All* programme was renewed in 2018/19 and includes five key priorities. These are:

- City of opportunity
- City that offers excellent local services
- Caring and fairer city
- Healthier and greener city
- City that celebrates its communities

4.2. The Council has embarked on an ambitious capital programme, with plans to invest £2.521bn (General Fund) in developments throughout the City. Many of these schemes will help to modernise areas of the City, helping to maintain and develop Westminster's reputation as a global centre of tourism, retail, entertainment and business. Capital investment will contribute to the key strategic aims of *City for All* and this is demonstrated by the below examples which show that:

- a number of large development schemes within the capital programme are planned to help to deliver 1,850 new and replacement affordable homes. These plans are designed to ease the pressure on temporary accommodation. Delivering homes for the City's residents lies at the heart of giving residents the opportunity to aspire and is a central tenet of the Council's *City for All* strategy.
- the Council's commitment to the West End is demonstrated by a £50m per annum investment in Oxford Street district for three years for the redesign and upgrade of the street and surrounding area. The Council will continue to review its funding and work with partner organisations as options are developed for the district. Oxford Street has more than 50m UK based visitors. The West End's success and long-term growth cannot be taken for granted and investment is needed to ensure that the West End can continue to compete with its global competitors. Furthermore, the Council is committing £28m towards place shaping at Strand/Aldwych.
- Westminster City Council is committed to the long-term future of the West End. The West End is the cultural and economic capital of the UK that belongs to, and benefits, everyone in the UK. It generates greater economic output than anywhere else in the UK with more than £51bn in

Gross Value Added per year, 15% of London's economic output. Employing more than 650,000 people, the area generates the largest proportion of taxes with more than £17 billion of tax receipts per year.

- the development projects within the portfolio will result in significant investment which will provide residents of Westminster with new improved leisure, adult social care and education facilities, as well as enterprise space and improved public realm. This will improve the wellbeing and prosperity of residents as well as delivering broader economic benefits. To offset some of these costs there is provision of broader commercial aspects within the developments that will provide on-going revenue income streams or capital receipts.
- continued investment in the public realm within Westminster creates and preserves spaces where people enjoy living, working and visiting. The investment reflects the pride we take in our role as custodian of the City, protecting our heritage by managing places and spaces that can be enjoyed both now and in the future. Additionally, investment in improving the public realm and pedestrian environment helps to accommodate the safe and efficient movement of growing numbers of people entering and moving around Westminster, managing vehicular traffic and making walking safer and more enjoyable. This creates opportunities for everyone in the city to be physically active.
- the City Council's investment on our core infrastructure of carriageways, footways, lighting and bridges, recognises the commitment the council has to managing the performance, risk and expenditure on its infrastructure assets in an optimal and sustainable manner throughout their lifecycle, covering planning, design, development, operation, maintenance and disposal. This programme ensures our infrastructure is in a safe and reliable condition, is efficiently managed and means our residents and visitors can enjoy clean, high quality streets.

4.3. The programme's delivery objectives continue to take place against the background of austerity and significant central government funding reductions. It is therefore vital that the Council's capital strategy delivers a return on investment that is financial, such as capital receipts or new revenue streams, or delivers key strategic priorities.

## 5. Governance

### **Capital Review Group (CRG)**

5.1. The main forum for reviewing all financial aspects of the capital programme is the Capital Review Group (CRG). This group reviews the strategic direction of the programme, ensures outcomes are aligned with *City for All*, significant projects have a viable Business Case and that Value for Money (VfM) is delivered for the Council. It also monitors the expenditure and funding requirements of the capital programme and subsequent revenue impacts. Significant projects include those:

- with minimum capital expenditure of £10m
- requiring a level of resident engagement
- with issues that may give rise to sensitivities
- involving matters which are a major strategic aim of the Council
- carrying major risk
- with an important historical context.

### **Programme Management Office (PMO)**

5.2. The PMO was established in May 2018 with the appointment of the Head of Programme Management Office. In close collaboration with finance, the purpose of the PMO is to provide a stable framework and robust governance that supports and oversees all project teams and stakeholders to improve the probability of successful delivery of projects.

5.3. The PMO will continue to improve the process by which management information is shared across the wide spectrum of development and construction projects in a format that can be more easily reviewed and evaluated.

5.4. The PMO will align these executive summary reports with Finance reporting.

5.5. The key objectives of the PMO is to:

- Create an organisational structure that standardises portfolio, programme and project related governance processes and facilitates the sharing of resources, methodologies, tool and techniques.
- demonstrate and assure that projects are bringing added value through key performance measures.

- establish a standardised project management process and serve as a centre of excellence and support for the system, ensuring continual improvement.
- supplement resources and provide advice for specific project activities such as initial project planning, project monitoring and performance measurement.
- maximise the deliverability of the Capital Programme (oversight, co-ordination of time and risk, resources).
- undertake the administration of certain parts of the process e.g. Project Prioritisation.
- provide quality assurance – regular reviews of key projects will be carried out against standard health checks ensuring verification and transparency of status.
- provide administrative support for the programme and instil knowledge share and best practice / learning between departments.
- support development of in-house project management skills – by providing mentoring support and training apprentices and the project management community.

## **6. Project Prioritisation**

6.1. To manage the business case and budget setting process, all schemes are required to complete Capital Programme Submission Request (CPSR) forms. These are reviewed prior to inclusion in the capital programme.

6.2. The CPSR forms are clearly referenced in the project management handbook.

6.3. As part of the CPSR process, five key themes are used to assess projects, in line with the council's overarching objectives and other key factors that are needed to assess the priority ranking of projects. These themes are:

- strategic fit - how the project aligns with the Council's objectives and priorities and what it is trying to achieve.
- financial – what are the financial circumstances for the project, e.g. is funding readily available and is it affordable?

- legislation and compliance – is the project needed to meet statutory/legislative requirements.
- indirect need – is the project needed because of another scheme or development.
- risk – is the success of the project dependent on mitigating high associated risks.

6.4. The prioritisation process will support the Council in making decisions about which projects to progress, especially in an environment of limited financial and officer resources. The process will continue to be developed and refined to ensure that projects and programmes are efficient and effective from a financial and strategic perspective.

### **Business Cases**

6.5. Governance of project business cases will vary depending on the type of work that is being carried out. This process was approved by Full Council in the Capital Strategy report of 2 March 2016, and is kept under review. This allows CRG to have a full overview of the priorities, risk, deliverables, cost, and revenue implications of all areas of the capital programme.

6.6. These large, long-term schemes are important to reach good business decisions. The development branch governance centres on the five case model that is based on HM Treasury Green Book Guidance on Better Business Cases, but adapted for the Council. The Council, through CRG, will assess the prioritisation of assets and decide on which assets need developing in order to aid the Council in meeting its strategic objectives.

#### Stage 1 - Scoping the Scheme and Preparing the Strategic Outline Case (SOC)

The purpose of this stage is to confirm the strategic context, and provide a robust case for change. This stage includes an options appraisal with a long list of options including indicative costs and benefits and a financial appraisal will be carried out based on a methodology such as the Net Present Value (NPV); because of this, a preferred way forward is identified and feasibility funding will be approved.

#### Stage 2 - Planning the Scheme & Preparing the Outline Business Case (OBC)

The purpose of this stage is to revisit the earlier SOC assumptions and analysis in order to identify a preferred option that optimises value for money (VfM), following more detailed design work. It also sets out its

affordability, and details the supporting procurement strategy, together with management arrangements, for the successful delivery of the project.

### Stage 3 - Procuring the Solution and Preparing the Full Business Case (FBC)

The purpose of the FBC is to revisit, and where required, rework the OBC analysis and assumptions, taking account of the formal procurement. The FBC will recommend the most economically advantageous offer, documenting the contractual arrangements, confirm funding and affordability and set out the detailed management arrangements and plans for successful delivery and post evaluation.

All three business case stages will be reviewed by CRG, and recommended for approval, should the group accept them.

### Stage 4 - Implementation

The business case should be used during the implementation stage as a reference point for monitoring implementation and for logging any material changes that the Council is required to make. The management tools developed in accordance with the development framework for the business case – the implementation plan, benefits register and risk register etc. – will be used in delivering the scheme and provide the basis for reporting back regularly to CRG.

### Stage 5 - Evaluation

The business case and its supporting documentation should be used as the starting point for post implementation evaluation, both in terms of how well the project was delivered (project evaluation review) and whether it has delivered its projected benefits as planned (post implementation review) to the Council, in meeting strategic aims.

At all stages of the five case model, the business cases must include the following sections:

- i. The Strategic Case
- ii. The Economic Case
- iii. The Commercial Case
- iv. The Financial Case
- v. The Management Case

Assessing all these areas within the business case will ensure that all aspects of a potential development scheme are analysed and the impact on all stakeholders identified. Therefore, the Council will be able to gain a full understanding on how a specific scheme will influence the overall strategy, the local economy, officers and resources of the Council.

### **Capital Programme Governance**

- 6.7. The annual capital programme, which is updated for new proposed schemes, revised profiling, slippage and changes in expenditure projections, is presented to Full Council every year. Council approval of the programme gives an allocation to budget managers in the capital programme. Separate approval is required, in line with financial rules, to spend in line with their budget envelopes.
- 6.8. The report covers the period up to 2032/33 reflecting the Council's ambitious programme, underpinned by *City for All*, which has longer-term commitments for large development schemes.
- 6.9. A key issue in managing the capital programme is in-year movements of budgets from one financial year to another. Capital budgets can be re-profiled across years to reflect delays or spend brought forward, with appropriate approval. However, re-profiling needs to be managed appropriately to ensure that annual capital forecasts are as accurate as possible, as inaccuracies can lead to long-term revenue costs.
- 6.10. The Council will continually look to ensure that periodic projections during the year are as accurate as possible and where projects do slip, a rigorous process is applied to ensure budget managers are made accountable and gain the relevant approval from CRG to move those budgets into future years with appropriate explanations as to why the project needs re-phasing.
- 6.11. The first call on capital resources will be any operational schemes that are required to be in the programme for statutory or legal reasons. In addition, all schemes already contractually committed will be supported and sufficient resources will be provided to enable them to proceed. Schemes that already have approval will be supported providing they continue to have a viable business case that is delivering to Council priorities.
- 6.12. There are a number of circumstances where concerns could be raised about a project in the capital programme. These include where:
- the business case is reviewed and considered to be no longer viable.
  - the headline cost figure goes beyond the approved figure.

- issues are raised by other stakeholders e.g. in respect of planning.
- there is a change in Council priorities.

6.13. Whilst these would be discussed by CRG for the purposes of recommending mitigating action, any formal decision making would be through a Cabinet Member report or the Capital Strategy that is approved by Full Council.

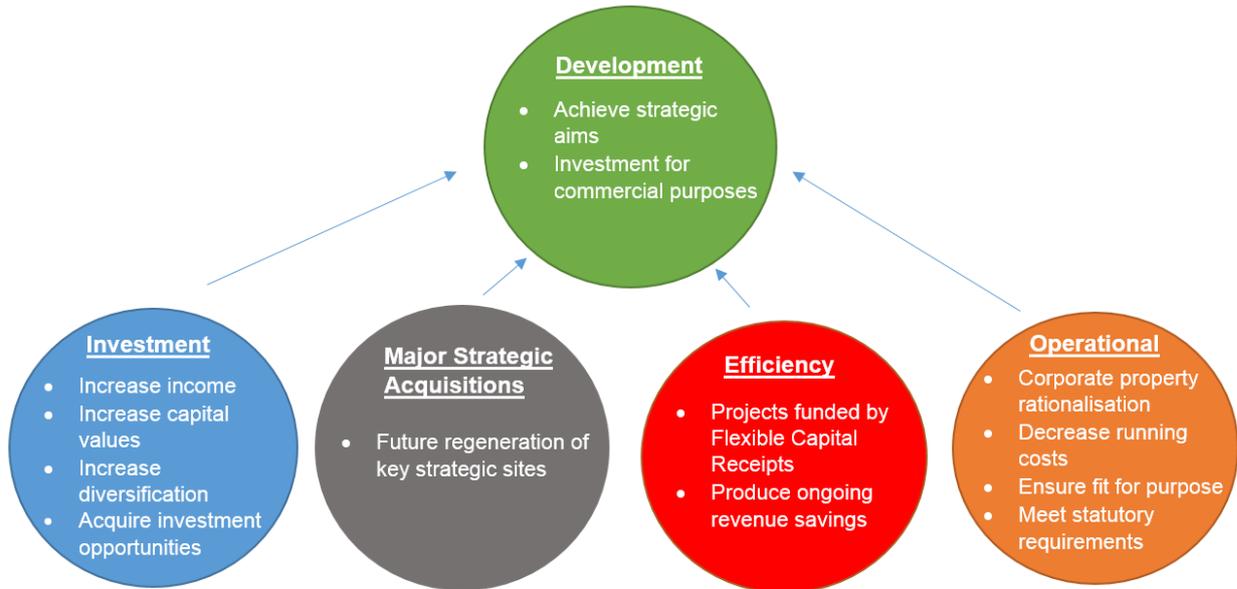
6.14. VfM is a key component of all capital projects. All projects must evidence a level of economy, efficiency and effectiveness in order to be approved. Therefore, projects will have to show that all potential options have been considered, and the option that is chosen is cost efficient and effective in achieving the *City for All* ethos. In order to achieve this, the Council has put in place the following cornerstones:

- **business case development** – the Council has adopted the Five Case Business Model, which was developed by HM Treasury and the Welsh government specifically for public sector business case development. The business cases for major projects include full option appraisal and links to core strategy to ensure that they are delivering on key Council objectives.
- **effective financing** – funding options are constantly reviewed to ensure the most cost effective use of the Council’s resources. In order to reduce financing costs, many of the major development schemes will deliver significant capital receipts for reinvestment in future projects, thus reducing reliance on external borrowing. Capital receipts are applied to expenditure where it will provide the most financial benefit.
- **procurement** – robust options and appraisal of procurement routes for projects.
- **risk management** – this function is co-ordinated by CRG, which takes an overview of identifying and mitigating risk across the programme. More detail on the mechanisms the Council has in place, to effectively manage and identify risk, can be found in Section 12.
- **project management** – the development of the Programme Management Office, as noted above, will continue to strengthen project management in the Council. The PMO will ensure that projects are in line with Council priorities, and sufficiently resourced, in order to be developed within timescales.

## 7. Overview of Capital Programme and Delivery Strategies

7.1. The Council's capital programme is prioritised into five key areas:  
Development, Investment, Major Strategic Acquisitions, Efficiency and Operational.

7.2. The diagram below provides an overview of these areas.



A list of the schemes (with associated expenditure and external funding) can be found in Appendices A(i) and A(ii), as part of the whole General Fund capital programme.

### **Development**

7.3. Development projects are key schemes that directly support the Council's strategic aims, in line with *City for All*. These include the long-term sustainability of Council services through income generation and meeting service objectives in areas such as affordable housing and regeneration. This will help Westminster's residents and businesses in creating a strong local economy to live and work in, helping to embed the *City for All* ethos. These factors combined, will help to sustain Council services and ensure that Westminster City Council remains at the forefront of public service delivery.

7.4. Many of the major development schemes will deliver housing for sale on the open market, thereby generating capital receipts for the Council to reinvest in future capital expenditure projects. The risks associated with reliance on this delivery and funding route are noted in Section 12.7.

- 7.5. The Council will review the best delivery routes for development projects. Delivery routes largely fall into the following categories: self-develop, joint-venture, or developer-led. The self-develop option involves the Council undertaking the project independently and therefore provides the greatest level of potential return but also the greatest cost and exposure to risk. The developer option is the opposite; it usually involves selling the opportunity to a developer resulting in the least return but also the least cost and risk. A joint-venture is a compromise between the two, and can be a good option to limit risk and broaden expertise and capacity on the project, whilst still sharing in the returns. In both the latter two options it is likely the Council will have to undertake site assembly and the initial stages of planning before a partner is prepared to enter into an agreement on the opportunity.
- 7.6. Development schemes make up a significant proportion of the gross capital budget at £954.252m, and of the capital receipts in the programme at £338.349m.
- 7.7. The projects within this section are the housing and mixed-use developments within Growth, Planning and Housing (GPH), and Westminster's Housing Subsidiary Company. Examples are Dudley House, Beachcroft and the Sir Simon Milton UTC (University Technical College). Further details of the major development projects can be found in paragraphs 10.6 to 10.10.

### **Investment**

- 7.8. One of the key objectives is for the Council to maximise its return on investments and grow income through active management of the investment portfolio. Income through these means will support the on-going financing costs of the capital programme.
- 7.9. An initial £50m drawdown facility for investment schemes to generate additional income towards future MTP savings and frontline services was approved as part of the 2016/17 Capital Strategy. Of this, a total of £12.387m was invested, leaving a balance of £37.613m. For the 2017/18 Capital Strategy, an additional £50m was added to this budget to produce a total budget including 2017/18 of £87.613m. Following a further investment, the proposed budget included in this Capital Strategy is £71.900m for Property Investment Acquisitions within the GPH directorate. Capital receipts generated from this area of £88.047m also include sale proceeds from two car parks.
- 7.10. Each investment will be subject to a detailed assessment report setting out a business case, full investment appraisal and value for money assessment.

## **Major Strategic Acquisitions**

- 7.11. Strategic acquisitions are where the Council acquires properties to enable the development of key strategic sites for future regeneration and investment opportunities.
- 7.12. The current forecast is for a value of £134.836m in purchases. Successful acquisitions depend on the availability of suitable properties coming onto the market and therefore is a reactive area where the forecast can vary. The programme includes two large developments within GPH.

## **Efficiency**

- 7.13. Schemes in this area include those funded from Flexible use Capital Receipts (FCR) and are currently forecasting £35.652m. Further information on FCR, and details of the schemes, can be found in Section 11.
- 7.14. To qualify, the project must be designed to generate ongoing revenue savings in the delivery of public services, and/or transform service delivery to reduce costs, and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners

## **Operational**

- 7.15. The Council's operational capital strategy is centred on capital improvement works to the Council's operational property portfolio.
- 7.16. The main objectives of the operational element of the capital strategy are to ensure assets meet health and safety standards, are fit for purpose in terms of statutory guidance and legislation, as well as helping the Council to reduce costs and reduce its environmental footprint.
- 7.17. Another key objective of the operational element is to ensure that the Council continues to invest in its current buildings and long-term assets in order to avoid incurring significant future costs, essentially spending now to save money in the future.
- 7.18. Operational schemes in the capital programme have a total expenditure of £1.324bn and include the future years spend and capital contingency in City Treasurer's, highways and public realm works in City Management and Communities (CMC), and landlord responsibilities in Growth, Planning and Housing (GPH).

## **8. Housing Revenue Account**

8.1. The expenditure to support this, as set out in the five-year investment plan, is analysed differently from the General Fund and consists of:

- HRA major works on the council's existing stock.
- regeneration and renewal spend.
- other investment plans.

8.2 The HRA capital programme over the next five years, 2019/20 to 2023/24 is £662.143m. This consists of £188.944m on major works, £281.237m regeneration and £191.962m for other development schemes.

8.3 This programme is to be funded through a number of different sources. £312.874m of capital receipts, £127.656m affordable housing fund, £116.655m from the major repairs reserve, £71.254m of borrowing, £6.700m of grant or contributions and £27.005m from HRA balances.

8.4 The five year HRA capital programme has reduced from £790m to £662m compared to last year's capital strategy, a reduction of £128m. The significant five year reductions are on Church Street (£60.2m), Major Works (£16.6m), Future Pipeline (£16.1m), District Heating network (£10m), central contingency (£10.5m) and other smaller reductions across various schemes. Further detail on this can be found within the Housing Investment Strategy and HRA Business Plan which is provided in the papers for this meeting agenda. Additionally it should be noted that the recent announcement by the Government, that borrowing caps will be abolished, came too late to be considered in the planning process and so the plan assumes that the borrowing cap remains in place. Once further details are announced, then the plan will be reviewed in light of this.

## 9. Summary Capital Programme

**Table 1: Approved General Fund (excluding HRA) capital programme Period 9 2017/18**

	Forecast	Five Year Plan					Future Years to 2031/32 £000	Total £000
	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000		
<b>Expenditure</b>								
Adult Services	446	1,059	400	200	-	-		2,105
Children's Services	10,856	13,343	250	250	250	250		25,199
City Management & Communities	55,163	99,140	46,287	30,151	22,398	21,201	990	275,330
City Treasurer	33,500	38,849	26,040	18,681	17,898	21,486	486,051	642,505
Corporate Services	3,073	5,459	975	1,125	525	2,250	9,200	22,607
Growth, Planning & Housing	169,731	239,479	203,209	129,054	95,296	35,528	331,880	1,204,177
WEP	3,832	22,475	146,715	117,787	71,915	41,671	17,254	421,649
Policy, Performance & Communications		50		-	-	-	-	50
<b>Total Expenditure</b>	<b>276,601</b>	<b>419,854</b>	<b>423,876</b>	<b>297,248</b>	<b>208,282</b>	<b>122,386</b>	<b>845,375</b>	<b>2,593,622</b>
<b>Funding</b>								
External Funding	(105,119)	(168,083)	(199,375)	(135,037)	(83,255)	(51,143)	(43,754)	(785,766)
Capital Receipts	(92,055)	-	(21,964)	(20,535)	(57,425)	(72,476)	(174,153)	(438,608)
<b>Total Funding</b>	<b>(197,174)</b>	<b>(168,083)</b>	<b>(221,339)</b>	<b>(155,572)</b>	<b>(140,680)</b>	<b>(123,619)</b>	<b>(217,907)</b>	<b>(1,224,374)</b>
<b>Net Funding Requirement</b>	<b>79,427</b>	<b>251,771</b>	<b>202,537</b>	<b>141,676</b>	<b>67,602</b>	<b>(1,233)</b>	<b>627,468</b>	<b>1,369,248</b>

9.1 These budgets have now been re-profiled to reflect up-to-date project planning as part of the budget setting exercise, which when taken alongside the CPSR submissions, have produced the revised budget below.

**Table 2: Proposed General Fund (excluding HRA) capital programme Period 4 2018/19**

	Forecast	Five Year Plan					Future Years to 2032/33 £000	Total £000
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000		
<b>Expenditure</b>								
Adult's Services	291	1,068	200	200	-	-	-	1,759
Children's Services	9,094	11,956	12,958	585	330	-	-	34,923
City Management & Communities	84,687	66,752	74,688	26,697	22,686	18,491	1,200	295,200
City Treasurer	-	39,592	16,488	19,401	19,892	17,160	530,760	643,293
Corporate Services	3,910	1,465	310	390	3,070	1,050	10,083	20,278
Growth, Planning & Housing	176,151	205,589	165,292	216,748	156,081	92,184	302,255	1,314,300
FCR	31,327	3,250	675	400	-	-	-	35,652
Housing Subsidiary Companies	-	14,403	70,508	64,165	23,352	2,937	79	175,444
<b>Total Expenditure</b>	<b>305,460</b>	<b>344,075</b>	<b>341,119</b>	<b>328,586</b>	<b>225,411</b>	<b>131,822</b>	<b>844,377</b>	<b>2,520,849</b>
<b>Funding</b>								
External Funding	(133,937)	(71,025)	(54,542)	(20,262)	(16,942)	(11,607)	-	(308,315)
Capital Receipts	(96,147)	-	(47,645)	(43,205)	(8,900)	(193,886)	(36,613)	(426,396)
<b>Total Funding</b>	<b>(230,084)</b>	<b>(71,025)</b>	<b>(102,187)</b>	<b>(63,467)</b>	<b>(25,842)</b>	<b>(205,493)</b>	<b>(36,613)</b>	<b>(734,711)</b>
<b>Net Funding Requirement</b>	<b>75,375</b>	<b>273,050</b>	<b>238,932</b>	<b>265,119</b>	<b>199,569</b>	<b>(73,671)</b>	<b>807,764</b>	<b>1,786,139</b>

9.2 The high-level changes from the currently approved capital programme are:

- the inclusion of £50m per annum for three years in respect of the Oxford Street District development, ensuring that Oxford Street, along with the surrounding area, retains its status as the nation's high street (this represents an additional £124m as there were existing Oxford Street

related projects within the Capital Programme). As a result of the above the West End Partnership allocation which included expenditure and income have been excluded from the programme.

- the inclusion of £175.4m for four exemplar schemes that will be delivered by Westminster's Housing subsidiary companies.
- the inclusion of £42m for the potential purchase of the new waste fleet which may be procured in 2020.
- the inclusion of £31m for Westminster Boating scheme, which considers the redevelopment of the current boating base site in conjunction with the current tenants.
- A further £41m for improvements to the Council's public realm and asset portfolio.
- a re-profiling of projects already included in the programme across the financial years and other minor variances.

9.3. The capital financing cost has remained in line with the prior year position despite additional projects being included within the capital programme. These reasons for this include:

- Increased cash balances – cash balances at the start of the year were higher than expectations mainly due to business rates cash flows changing and slippage on last year's capital programme
- Westminster Housing Subsidiary Company – there is loan repayment of £105m factored into the capital financing costs calculation which reduces the borrowing requirement. In addition MRP does not have to be charged on the loan as long as there is confidence over the repayment. This has the effect of a minimal capital financing cost of the housing subsidiary companies to the General Fund
- HRA cash balance - this has increased by £75m as a result of the inclusion of non-right to buy capital receipts
- Oxford Street District – projects originally included in the capital programme had an asset life of 15 years, as this will now form part of the large scale Oxford Street District project this has now increased to 30 years reducing the MRP cost to the 15 year capital programme
- 5% slippage - a 5% reduction has been applied to the capital financing cost. The capital programme has increased year on year and historic trends show that some matters outside of the Council's control may materialise on projects which no longer make them viable and/or

desirable to deliver e.g. market conditions, consultations, site surveys etc. This treatment also helps to prevent the capital financing costs being overstated.

- 9.4. In addition, an assumption of £400m expenditure on operational schemes has been included within contingencies for future years. This ensures that development and investment schemes are affordable in addition to the annual operational capital expenditure programme.
- 9.5. The above fully funded position clearly depends on the schemes being delivered on time, and within the estimates set out in this report. Any increases in expenditure, or reductions in income, will need to be compensated for by the relevant project, or the consequential revenue impacts funded in full by the individual service.

## 10.

### 10. Service Analysis

- 10.1. The following section reviews what is included in the individual capital programmes for each Council directorate from 2018/19 onwards, excluding the assumed £400m operational budget for future years. This section aims to detail what is included and explain changes to the schemes included within each Directorate portfolio.

#### **Growth Planning and Housing (GPH)**

- 10.2. The GPH directorate manages GPH General Fund, the new wholly owned housing company, and strategic acquisitions.
- 10.3. Growth, Planning and Housing (GPH) contains the Council's Housing, Investment and Operational Property, Development Planning and Economy, and Placeshaping schemes. For the purposes of this document, the HRA is included separately.
- 10.4. GPH has the largest Capital Programme within the Council. The gross expenditure budget for GPH up to 2032/33 is £1.314bn and forecast external funding is anticipated to be £0.129bn.
- 10.5. On a net basis this is a proposed budget of £1.185bn for GPH, which excludes capital receipts, and this is shown in the table below:

**Table 3: Proposed GPH programme summary Period 4 2018/19**

	Forecast	Five Year Plan					Future	Total
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Years to 2032/33 £000	
Expenditure	176,151	205,589	165,292	216,748	156,081	92,184	302,255	<b>1,314,300</b>
External Funding	(70,139)	(16,872)	(21,414)	(9,325)	(7,425)	(4,265)	-	<b>(129,440)</b>
<b>Net Funding Requirement</b>	<b>106,012</b>	<b>188,717</b>	<b>143,878</b>	<b>207,423</b>	<b>148,656</b>	<b>87,919</b>	<b>302,255</b>	<b>1,184,860</b>

## **General Fund Development Projects**

- 10.6. The capital programme presented within this report forecasts a gross capital expenditure budget of approximately £0.903bn for GPH related General Fund Development Projects (both live and potential future projects). As well as producing capital receipts, many of these projects will also generate on-going revenue streams.
- 10.7. The Development team have continued to progress a number of schemes since the last capital programme was approved. Some of the milestones achieved in the last year include commencing construction onsite at Beachcroft House, approval to progress the Luxborough Development to detailed design and Cabinet approval to progress Huguenot House designs and consult further on the options.
- 10.8. The Council also has a number of sites under construction with the Moberly, Jubilee phase 1, Sir Simon Milton UTC, Beachcroft House and the Dudley House Academy and intermediate rental all on site.
- 10.9. Furthermore, refinement of design work, massing studies and financials has meant several projects are now ready to go through the business case process this year. Huguenot House, Lisson Grove Programme, Carlton Dene and Westmead, and Luxborough are all expected to progress through the business case cycle soon.
- 10.10. Below is a summary of all the general fund capital projects being managed by the Development Team (unless otherwise stated):

### Dudley House

The project is on site and progressing well, as per the programme. Marylebone Boys School was completed in September 2018, and the target completion date for the intermediate rent accommodation is May 2019. Open market bids have been received for a building operator, with the best offer comparing favourably with the original forecast.

### Huguenot House

Following a Cabinet decision in July 2017 a formal consultation has begun with residents on the residential led option with affordable housing. The outcome of this will be reported back to members. In addition to this, the OBC will be progressed and presented to members in 2019/20. Expenditure to date has primarily been the spot purchasing of residential properties in the block as they become available.

### Sir Simon Milton University Technical College

The school opened in September 2017. The project completed in August 2018, following a few snagging issues which delayed the residential.

### Strategic Acquisitions – Leisure Review

Potential acquisitions to facilitate future development opportunities that may arise in the future.

### Luxborough Development

Following the approval of a cabinet member report the project is progressing to detailed design, exploring options including a mixed-use development. The design team have been appointed and OBC is expected to be presented to members in the final quarter of 2018/19.

### Seymour Leisure Centre/ Marylebone Library

In response to feedback from the first round of public consultation regarding the proposals to co-locate the Marylebone Library and improve the swimming facilities at Seymour Leisure Centre, a feasibility study is being progressed to examine the possibility of significantly enhancing the swimming offer by re-opening the old main pool at the site and introducing a new mezzanine floor to maintain the sports hall provision. This project would also enable the library to be located in a more prominent area of the building. The feasibility will complete in November 2018, and will determine recommendations for the project, which will include any proposals. The capital strategy will be updated if necessary.

### Moberly and Jubilee

The projects at both Moberly and Jubilee are on site and progressing, with anticipated phase 1 practical completion in Autumn 2018 with Jubilee Phase 2 to follow.

### Beachcroft

Following approval of the Full Business Case and completion of the enabling works, construction on site has commenced. The care home is on course to be completed by December 2019 with the private units completed in March 2020. This development is linked to the projects at Westmead and Carlton Dene with the new care home at Beachcroft providing a decant site for residents of these two care homes.

### Westmead/Carlton Dene

Officers submitted a Cabinet Member Report in June 2018 requesting to begin consulting with residents and progressing the design to a preferred option. Once approved the scheme will progress to an OBC, which will be presented to Cabinet Members towards the end of 2018/19. The schemes will seek to maximise care provision whilst ensuring the final position of the Sheltered Housing Scheme for Older People (SHSOP) programme is at least cost neutral.

### Lisson Grove Programme

The programme aims to provide a more modern office space, however

options are being assessed to identify any other opportunities to develop housing or commercial space linked to the programme. An indicative budget figure of £79.364m has been included, which will be subject to further review regarding financing as the business case progresses.

### City Hall

Whilst this project sits within Corporate Property, it has a specific governance procedure in place to monitor and project manage the process with a programme board and steering group.

The refurbishment of City Hall on Victoria Street began in spring 2017 and is on track to complete by December 2018. The scheme is planned to transform the way the Council works to create a more modern and agile working environment which will improve productivity and collaboration. The project is being partly funded by flexible use capital receipts, as it is planned to deliver ongoing revenue savings in the Council's budget.

### **Corporate Property**

- 10.11. The Corporate Property Capital Programme has an approved budget of £154.586m. In addition to investment acquisitions of £71.900m and £48.084m for the refurbishment of City Hall, it also contains ongoing building improvement works of £15.419m on the Forward Management Plan and Landlord Responsibilities. The balance of the budget comprises individual projects such as £0.325m for ensuring properties within the investment portfolio are up to Minimum Energy Efficiency Standards (MEEs).
- 10.12. The Council purchased one commercial property last year, 14-20 Orange Street, which is planned to generate an on-going revenue stream for the Council.
- 10.13. In relation to investment acquisitions, the property team are actively reviewing the market for appropriate opportunities that will provide a good return whilst diversifying the property portfolio.

### **General Fund Housing**

- 10.14. The Housing General Fund capital programme contains schemes to provide additional affordable housing both in and out of borough. In

total, there is an expenditure budget of £69.494m, partly offset by external income.

- 10.15. The Affordable Housing Fund (AHF) comprises Section 106 agreements, which are ring-fenced monies paid to the Council in lieu of the direct provision of new social housing and is used for the delivery of in-borough housing projects by Registered Social Landlords. The fund is also applied to HRA and General Fund new affordable housing schemes such as Dudley House, and various other in-borough projects to provide additional housing.

### **Placeshaping**

- 10.16. The Placeshaping capital budget includes gross expenditure of £214.350m. The Council's investment in the Oxford Street District, of £50m per annum for three years, is within this total. The Council is also contributing £28.299m towards place shaping at Strand/Aldwych.
- 10.17. The remaining Placeshaping budgets relate to further investments in improving the Council's public realm and open spaces.

### **Other Schemes**

- 10.18. The remainder of the GPH capital budget of £20.337m comprises schemes in Planning and the Economy team. The largest project within this relates to future enterprise space in the City, with a budget of £16.477m.

### **Housing Revenue Account**

- 10.19. The HRA capital investment capacity is considered as part of the HRA business planning process. The HRA is subject to a different statutory business planning process that requires the HRA to be self financing over 30 years.
- 10.20 The programme has been developed to provide the maximum number of new affordable units that the HRA can reasonably deliver within the context of its current financial constraints. The delivery of these schemes is through both WCC and City West Homes (CWH). This year a number of schemes are also forecast to be financed through both the Council's housing subsidiary companies and the HRA.

### **Housing Subsidiary Companies**

10.21. In December 2017, the Council's Cabinet approved a report recommending the creation of subsidiary companies for the purpose of helping the Council to deliver its ambition to increase the supply of housing affordable to those living and working in Westminster. Subsequently Westminster Housing Investment Limited (WHIL) together with its subsidiary, Westminster Housing Developments Limited (WHDL), were established. WHIL will hold properties as investments for intermediate and market renting and WHDL will undertake the construction and development.

10.22. The overall aim of both companies is to extend the resources of the Council and the HRA (which has limited capacity and is expected to be fully utilised in the coming years). The companies will work with the council to deliver the regeneration, and new build or acquisition opportunities identified by the Council. They will develop and/or acquire housing; and the assets, unlike with other housing partners, may be retained within the companies (and, as subsidiaries of the Council, within the control of the Council).

10.23. The specific business objectives are:

- to provide more Intermediate and market housing in the City,
- to offer new tenures and, in particular, Intermediate tenures to extend the range of provision available for those living and working in Westminster,
- to increase housing delivery at a scale, pace and quality set by the Council and with control and ownership of the assets retained by the Council.
- to offer a flexible partner for the Council in delivering housing.

10.24. WHIL has identified a number of schemes being progressed within the Council's housing delivery pipeline to form the basis of its Business Plan. These exemplar schemes provide information on a mix of housing that fits with the aims and objectives of WHIL/WHDL, and enable improved accuracy of the financial projections. It may be that the schemes modelled for the purpose of the Business Plan will not be progressed through WHIL and other schemes come forward. For this reason, the schemes are shown as exemplars.

10.25. The housing subsidiaries are projected to achieve an operating breakeven or profit position 2 years into the business plan, on the basis of acquiring homes which can be let out for more than the operational costs. Interest on debt incurred during the development period of a scheme would be

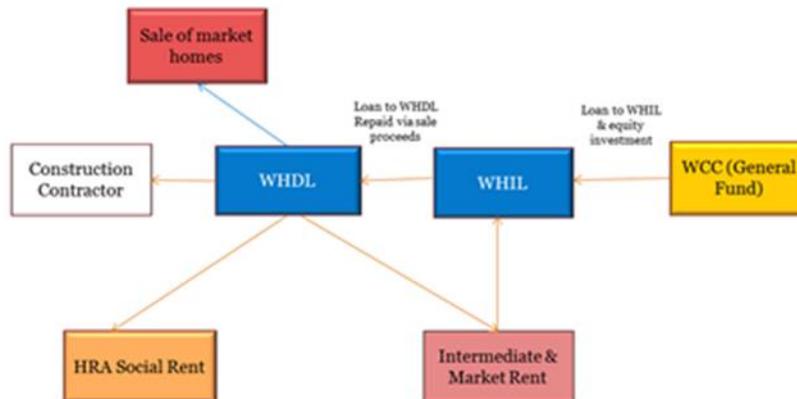
capitalised. The majority of the cash flows relate to capital expenditure on acquiring sites and developing on these.

10.26. Once units from a development are divested (to the HRA, market sales or retained in the investment company), the cash generated can be utilised to put into new schemes, repay some of the debt back to the council or be used to start paying dividends back to the council. From a pure cashflow perspective, it will take 16 years before the council receives the original investment back from loan repayments and dividends, clearly though the council's equity investment in the subsidiaries will be of significant value as the investment company will be in possession of a number of homes for letting with an intrinsic market value.

10.27. Over the 35 years of the plan as currently modelled, the subsidiaries will return over £60m in excess of the original investment and deliver an IRR of 4.94% (i.e. the minimum yield acceptable to justify the investment). The development period is modelled at less than 10 years and would develop and acquire 464 dwellings. The plan is based on a number of exemplar schemes which may change or be replaced subject to the outcome of the business case and feasibility studies during the life of the plan.

10.28. The commercial structure of the Company's proposals is outlined in the diagram below. The Council holds 100% of the shares in WHIL and, in turn, WHIL 100% owns WHDL. Funding will be made available to WHIL by the Council which in turn will provide this to WHDL, its development trading subsidiary, which will undertake construction. WHDL will dispose of newly developed housing, either into the market, to the Council, for social rented housing, or to WHIL, for market and intermediate rental housing. The receipts generated will enable WHDL to return all funding to WHIL which in turn will repay, in part, the Council. WHIL, the investment company, will retain market and Intermediate rental properties for letting and will use the net rental income after operational costs to service and repay the debt.

### *Modelled commercial structure*



#### WHIL Acquisitions

- 10.29. WHIL will explore opportunities for acquisition of housing available in the market, or in the process of being developed, from developers and house builders operating in the Borough.
- 10.30. Two projects, that are underway or on the cusp of commencement, have been identified as having potential for acquisition of units by WHIL. It is proposed that WHIL will acquire 50% of the 109 private sale units in Tollgate Gardens, a developer led regeneration in the Maida Vale Ward, and 19 units in Jubilee Leisure Centre Phase 2. WHIL will hold the acquired units for letting as Intermediate housing.

#### Development Scheme 1

- 10.31. This new scheme identifies an opportunity to build c.170 residential units on an undeveloped site.

#### Regeneration Schemes 1 and 2

- 10.32. The HRA business plan includes pipeline schemes, two of which have been identified as exemplar schemes for WHIL. The schemes will deliver a mix of market sale, intermediate and social rented units.

**Table 4: Proposed Housing Subsidiary Companies programme Period 4 2018/19**

Scheme	Five Year Plan					Future Years to		Total £000
	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2032/33 £000		
WHIL Acquisitions	4,090	10,043	-	-	-	-	<b>14,133</b>	
Development Scheme 1	3,086	26,633	36,528	10,000	-	-	<b>76,247</b>	
Regeneration Scheme 1	3,077	10,977	7,751	13,352	2,937	79	<b>38,173</b>	
Regeneration Scheme 2	4,150	22,855	19,886	-	-	-	<b>46,891</b>	
<b>Total Expenditure</b>	<b>14,403</b>	<b>70,508</b>	<b>64,165</b>	<b>23,352</b>	<b>2,937</b>	<b>79</b>	<b>175,444</b>	
<b>Funding</b>								
Affordable Housing Fund	(1,435)	(2,779)	-	-	-	-	<b>(4,214)</b>	
<b>Net Funding Requirement</b>	<b>12,968</b>	<b>67,729</b>	<b>64,165</b>	<b>23,352</b>	<b>2,937</b>	<b>79</b>	<b>171,230</b>	

\*Affordable Housing Fund included is subject to review of the AHF's capacity and further approval.

10.33. Individual schemes will be assessed as to the most suitable delivery method and hence, whether they will be taken forward by WHIL/WHDL. Schemes identified to be taken forward by the housing subsidiaries will follow the standard business case and governance process of the Council, needing approval through the Capital Review Group before the scheme can be commenced, having been approved by the subsidiary's board beforehand. In addition, the Council will be asked to give specific funding approval for the scheme.

10.34. The funding for each scheme is anticipated to be provided by the Council through a mix of equity and loan funding in the ratio of 35:65. The loan will be at a commercial, but competitive, rate with interest accruing and rolling up into the loan during the construction phase. When the properties in a development are complete, they will be disposed of by WHDL to either to the HRA (social housing), WHIL (intermediate or market housing for rent) or sold on the open market (private market housing). WHIL will pay WCC dividends on the equity, plus interest on the loan from WCC once proceeds from the sale of units have been used to repay borrowing, reflecting commercial returns on the development, and on any intermediate housing retained for letting.

### **City Management & Communities**

10.35. City Management and Communities (CMC) contains Highways Infrastructure and Public Realm, Sports and Leisure, Libraries and Culture, Public Protection & Licensing, Parking, and Waste, Parks & Cemeteries services.

10.36. As a directorate, this has a significant capital programme. Including 2018/19, gross expenditure within the capital programme totals £295.200m (which includes £51m development projects), with external income of £140.948m from a range of third parties.

**Table 5: Proposed CMC programme summary Period 4 2018/19**

	Forecast	Five Year Plan					Future Years to 2032/33 £000	Total £000
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000		
Expenditure	84,687	66,752	74,688	26,697	22,686	18,491	1,200	295,200
External Funding	(55,035)	(41,291)	(17,441)	(10,402)	(9,437)	(7,342)	-	(140,948)
<b>Net Funding Requirement</b>	<b>29,652</b>	<b>25,461</b>	<b>57,247</b>	<b>16,295</b>	<b>13,249</b>	<b>11,149</b>	<b>1,200</b>	<b>154,253</b>

10.37. The majority of this expenditure comes within the City Highways directorate, which can be split across (gross expenditure budget in brackets):

- planned preventative maintenance and named structural projects within Highways (£81.752m) – all but £3.690m is funded by the council
- public realm externally funded (£123.315m) – £111.757m is funded by contributions from third parties
- transport schemes - (£18.300m) - £14.649m externally funded, largely Transport for London

10.38. Of the remainder of the programme, the main areas of expenditure are:

- Waste (£44.912m gross), of which £42.000m relates to the potential purchase of a new waste fleet
- Public Protection and Licensing (£9.715m gross) - £8.357m is funded by grant contributions
- Leisure (£8.905m gross) - £1.855m is funded, largely through CIL contributions
- Libraries (£4.186m gross)
- Cemeteries and Parks (£2.615m gross) - £0.640m is funded through CIL contribution
- Parking (£1.500m gross)

10.39. The gross expenditure and income contained within the new capital programme is broadly consistent with the capital programme approved in March 2018, which contained £275.330m gross expenditure and £156.344m income from 2017/18 onwards. There is a net increase in the programme due to an addition of an extra year to the existing 5 year programmes and the inclusion of an amount for the potential capitalisation of the new Waste fleet which may be procured in 2020.

**Adults Services**

10.40. The Executive Directorate of Adult Social Care and Public Health has a capital programme which plans to deliver gross works expenditure of £1.759m. Projects relating to this are mainly Information and Communications Technology (ICT) and agile working projects with one building refurbishment project at 66 Lupus Street and one at Carlton Gate, Barnard and Florey Lodges. All of the advised projects for Adult Social Care and Public Health have identified capital grant funding to 100% of the expected expenditure values, which is held on Westminster City Council's balance sheet.

**Table 6: Proposed Adults' Services programme summary Period 4 2018/19**

	Forecast	Five Year Plan					Future Years to 2032/33 £000	Total £000
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000		
Expenditure	291	1,068	200	200	-	-	-	1,759
External Funding	(291)	(1,068)	(200)	(200)	-	-	-	(1,759)
<b>Net Funding Requirement</b>	-	-	-	-	-	-	-	-

10.41. Three schemes, People First Website, Customer Self Service Digital Enhancement & Lupus St have been re-profiled to complete in 2019/20. The Framework-I Upgrade to Mosaic is now to complete in 2021/22

**Children's Services**

10.42. From 2018/19 to 2032/33, the Children's Services capital programme plans to deliver £34.923m of works:

**Table 7: Proposed Children's Services programme summary Period 4 2018/19**

	Forecast	Five Year Plan					Future Years to 2032/33 £000	Total £000
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000		
Expenditure	9,094	11,956	12,958	585	330	-	-	34,923
External Funding	(8,472)	(10,359)	(12,708)	(335)	(80)	-	-	(31,954)
<b>Net Funding Requirement</b>	622	1,597	250	250	250	-	-	2,969

10.43. The capital works in Children's Services are broadly categorised as:

- School Expansion Projects – to increase pupil places
- Non-Schools Estate Rolling Programme – planned and reactive building works to non-schools sites
- Schools Estate Rolling Programme – planned and reactive building works to schools sites

10.44. The gross income budgeted in the programme can be broadly categorised as:

- Basic Needs Grant - £12.790m

- School Condition Allocation - £6.020m
- SEND Capital Grant - £ 1.774m
- Education and Skills Funding Agency Grant - £9.200m
- Section 106 / Community Infrastructure Levy - £2.170m

10.45. The Basic Need Grant and Condition Allocation Grants are awarded by the Department for Education / Education and Skills Funding Agency for providing works at educational establishments. This programme applies these grants to works meeting the conditions set by the awarding bodies.

10.46. In comparison to the five-year budget set in advance of the 2018/19 financial year and the capital programme approved in March 2018, an additional school expansion project has been added. The value of this expansion is £8.700m plus £0.500m contingency totalling £9.200m. The expansion is set to deliver an additional 29 places for pupils with Special Educational Needs at the site of St Marylebone Special School.

10.47. Condition surveys have been carried out on all educational establishments and verified by Corporate Property Services. The surveys have highlighted additional works required during this five year programme to the value of £6,020m, fully funded through the School Condition Allocation Grant.

### **Corporate Services and Policy, Performance and Communications (CS & PPC)**

**Table 8: Proposed CS & PPC programme summary Period 4 2018/19**

	Forecast	Five Year Plan					Future Years to 2032/33	Total
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000		
Expenditure	3,910	1,465	310	390	3,070	1,050	10,083	20,278
External Funding	-	-	-	-	-	-	-	-
<b>Net Funding Requirement</b>	<b>3,910</b>	<b>1,465</b>	<b>310</b>	<b>390</b>	<b>3,070</b>	<b>1,050</b>	<b>10,083</b>	<b>20,278</b>

10.48. The proposed gross expenditure budget is £20.278m.

10.49. This covers the Council's ICT schemes, and has decreased mainly as a result of the move from buying physical software to more cloud-based solutions. This reduction is partially offset by increases elsewhere, mainly in the budget for End User Computing Refresh.

**City Treasurer**

	Forecast	Five Year Plan					Future Years to 2032/33 £000	Total £000
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000		
Expenditure	-	39,592	16,488	19,401	19,892	17,160	530,760	643,293
External Funding	-	-	-	-	-	-	-	-
<b>Net Funding Requirement</b>	-	<b>39,592</b>	<b>16,488</b>	<b>19,401</b>	<b>19,892</b>	<b>17,160</b>	<b>530,760</b>	<b>643,293</b>

**Table 9: Proposed City Treasurer programme summary Period 4 2018/19**

10.50. The City Treasurer's capital budget holds the Contingency Provision totaling £643.293m, of which £400m relates to future years' expenditure.

10.51. In line with current financial regulations, no expenditure on projects will be incurred without appropriate Cabinet Member or Delegated Authority approval. Every scheme would need to be fully approved.

## **11. Flexible Use of Capital Receipts (FCR)**

11.1 In March 2016, the MHCLG issued statutory guidance allowing the flexible use of capital receipts to support local authorities in delivering more efficient and sustainable services. It allows local authorities to use capital receipts received in the year to fund the revenue costs of service reform and transformation, provided that this expenditure yields ongoing savings to an authority's net service expenditure. Capital receipts applied to revenue expenditure in any given year must have been generated in that same year.

11.2 Updated guidance issued by MHCLG extended the original three-year period from 1 April 2016 to cover a further three-year period to 31 March 2022, and applies only to capital receipts generated during this period.

11.3 Sections 11.8 and 11.9 set out the intended use of this flexibility in 2018/19 and for each subsequent financial year to which the flexible use of capital receipts direction applies. This strategy will be updated each year in the capital programme report as part of the annual budgeting process.

### **Rules of Qualification**

11.4 Flexible use of Capital Receipts (FCR) can fund revenue expenditure on any project that is designed to:

- generate ongoing revenue savings in the delivery of public services
- transform service delivery to reduce costs
- transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.

- 11.5 Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.
- 11.6 Set up and implementation costs of any new processes or arrangements can be classified as qualifying expenditure. Revenue transformation costs cannot be financed from Right to Buy receipts, borrowing or any capital receipt received before 1 April 2016.

### Application of Flexible Use Capital Receipts (FCR)

- 11.7 The Council identified two transformation projects, Westminster City Hall refurbishment and Digital Transformation, that have significant revenue spend; along with a contribution to the pension fund deficit that meets the definition of qualifying expenditure as it yields ongoing savings to the Council's net service expenditure.
- 11.8 For the 2018/19 Capital Strategy, Full Council approved the following costs to be funded from FCR:

**Table 10: Approved FCR Budget as per 2018/19 Capital Programme**

Project Name	Total Authorised Budget £000	2017/18	2018/19
		Outturn £000	Revised Budget £000
Capitalisation of Pension Contribution	30,000	10,000	20,000
City Hall Revenue Costs	18,000	9,875	8,125
Digital Transformation Revenue Costs	3,000	2,666	334
<b>Total</b>	<b>51,000</b>	<b>22,541</b>	<b>28,459</b>

- 11.9 In addition to amounts approved in March 2018, Council approval is sought for a further £7.193m for the schemes in the table below:

**Table 11: Additional FCR Budget requiring approval per 2019/20 Capital Programme**

Project Name	Total Authorised Budget £000	2017/18 Outturn £000	2018/19 forecast £000	Total Outturn and Forecast £000	Additional Amount to be Approved £000
Capitalisation of Pension Contribution	30,000	10,000	20,000	30,000	-
City Hall Revenue Costs	18,000	9,875	13,243	23,118	(5,118)
Digital Transformation Revenue Costs	3,000	2,666	334	3,000	-
Network and Telephony Transformation			1,325	1,325	(1,325)
Technology Refresh			750	750	(750)
<b>Net Funding Requirement</b>	<b>51,000</b>	<b>22,541</b>	<b>35,652</b>	<b>58,193</b>	<b>(7,193)</b>

- 11.10 Notwithstanding Council approval for this additional expenditure, it must meet FCR regulations and business cases will undergo rigorous scrutiny from the lead Member of Finance, Property and Regeneration and City Treasurer. No expenditure will progress until the business cases are signed off.

#### Pension Fund Deficit

- 11.11 The Council plans to utilise capital receipts in order to reduce the historic deficit on the Pension Fund and thus make future ongoing net savings in annual deficit recovery payments. Council approval for payment of increased deficit contributions is set out in the 1 March 2017 revenue budget report, para 2.1, bullet 10, with reference to para 5.34. By contributing a further £30m (to be funded from FCR), the pension fund deficit recovery period will be brought forward to the early part of 2030/31. The funding level will improve from 79.3% to 82.1% by 2019/20 in total (including the Council's total deficit reduction plan).
- 11.12 The savings are an estimate at this time and are subject to many variables, such as the performance of the stock market and investments. However, these variables also impact the cost of the deficit and are the best estimate of an actuary's analysis of the City of Westminster Pension Fund.
- 11.13 Of the total approved £30m contribution, £10m has been paid and the Council intends to make the final £20m contribution in 2018/19.

#### City Hall Refurbishment

- 11.14 Approval was given in the 2018/19 capital strategy to use £18m of capital receipts to fund qualifying revenue expenditure, in 2017/18 and 2018/19, relating to the City Hall refurbishment. The project meets the definition of qualifying expenditure, as the completed scheme will deliver increased rental income for the Council, as well as reduced running costs. The improvements will result in a building that will be more efficient and will generate income from leasing out 10 floors of City Hall.
- 11.15 To date, the Council has spent £14.875m of the approved £18m on revenue expenditure relating to refurbishment of City Hall, leaving £3.125m of approved spend remaining. Council approval is sought for an additional £5m of FCR to be used. This will bring the total approved envelope to £23m. Approved FCR expenditure is on the proviso that the City Hall project generates on-going revenue savings which will be largely generated from rental of 10 floors of the building. This comes with market risk as the Council negotiates with external companies. Further information on risk can be found in Section 12.

- 11.16 The running costs of 5 Strand and Portland House during the refurbishment account for the majority of revenue expenditure, along with the decant/recant costs. These qualify, as they are only incurred as a result of the refurbishment of City Hall and can be funded from FCR.
- 11.17 The City Hall transformation project is scheduled to provide the Council with revenue savings from 2020/21 onwards.

#### Digital Transformation

- 11.18 The 2018/19 Capital Strategy approved FCR funding to the value of £3m, with £2.666m of spend funded in 2017/18 and £0.334m in 2018/19.
- 11.19 By adopting Digital solutions to transform service delivery, the Council envisages that ongoing revenue savings will be achieved. The scope of the digital transformation programme is currently under review due to a change in leadership and the projections for future savings potential are being revisited. Before savings from the programme are built into directorate budgets, business cases need to be worked up which set out how the savings will be delivered and from which budgets. A further assessment of the FCR funding utilised to date will be made following this review, the outcome of which should become clearer by year end.
- 11.20 As further business cases come forward in the future, the process of reviewing the business cases is completed and additional revenue savings established, Full Council approval may be sought for increased use of FCR to finance the programme.
- 11.21 As revenue savings are identified they will be reported via the Council's Medium Term Plan (MTP) and the Budget and Council Tax Report.

#### Network and Telephony Transformation

- 11.22 The ICT strategic objective is to establish a network and telephony infrastructure that is common across WCC and RBKC. This will enable ICT to re-procure the network and telephony contract with greater purchasing power and harness new technology.
- 11.23 The recurring saving anticipated is £0.600m from 2020/21. The investment of £1.325m will be required to transition to a new contract and explore, test and adopt new technology solutions.
- 11.24 The savings could be achieved by:
- upgrading the telephony from legacy solutions to a lower cost Unified Communications as a Service (UCaaS).

- reducing the number of council provided mobile phones/tablets by encouraging 'bring your own device' (BYOD).
- leveraging economies of scale by creating a common Bi-Borough data network.

### Technology Refresh

- 11.25 The ICT core services are managed by BT Lot 1 (Computers), Lot 3 (Datacentre Management) and Agilisys Lot 2 (Service Management) contracts. The existing contract value of Lots 1 to 3 is £2.981m.
- 11.26 The Technology Refresh project is an initiative to transition to a new contract in an incremental manner. It is anticipated that through a successful contract tender, recurring savings of £0.350m per annum could be realised from 2021/22. This represents a saving of c11% on current costs.
- 11.27 The investment of £0.750m will be required to cover preparatory works, transition and parallel running costs.
- 11.28 The savings could be achieved by:
- gaining improved market rates for services consumed in new contracts
  - reducing existing charge items by moving more of the Council's applications to the cloud, leading to a reduction in storage and hosting charges
  - improving IT self-service thereby reducing IT Service Desk charges.

## **12. Risk Management**

- 12.1. Major capital projects require careful management to mitigate the potential risks that can arise. The effective monitoring, management and mitigation of these risks is a key part of managing the capital strategy.
- 12.2. **General Risks** – Identification and Mitigation. General risks are those that are faced as a consequence of the nature of the major projects being undertaken. Most of these risks are outside of the Council's control, but mitigations have been developed as part of the business planning and governance process. These risks are set out below along with key mitigations:
- 12.3. **Interest Rate Risk** – the Council is planning to externally borrow £479.261m as set out in this Capital Strategy over the next five years. Interest rates are variable and a rise could increase the cost of servicing debt to a level that is not affordable. To mitigate this, the Council has used

interest rate forecasts that include a prudent provision against interest rate rises. These are shown in the table below.

**Table 12: Current & assumed external borrowing (PWLB) interest rates**

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Assumed interest rate	2.70%	3.30%	3.50%	4.00%	4.40%	4.60%

- 12.4 In the event that interest rates rose beyond this forecast plus contingency, the revenue interest cost to the Council would increase for all borrowing not yet entered into (we would typically borrow on fixed rate terms). To mitigate this risk, the Council is proposing to arrange £400m of forward borrowing which will lock future borrowing requirements at current rates, thereby saving the Council considerable costs. A rise of 1% would cost an extra £4.793m per annum on the full £479.261m borrowed by the end of 2023/24. The extra cost of a 1% rise in interest rates would be £7.453m by 2032/33, if the full projected borrowing of £745.269m were to be realised.
- 12.5 **Inflation Risk** – construction inflation over and above that budgeted by the council’s professionals and advisors, and built into project budgets, could impact on the affordability of the capital programme. A 1% rise in the cost of the programme would increase the cost of the programme by approximately £25m. This is mitigated through the provision of contingencies, updating estimates regularly as they change and monitoring the impact through governance processes. This is also mitigated post the signing of contracts with construction companies and developers through fixed price contracts.
- 12.6 **Change in Law Risk** – Capital schemes need to comply with the latest law and regulations, changes in which can impact construction costs and may be retrospective in their nature. This risk is mitigated by awareness of pipeline legislative changes and provision of contingencies.
- 12.7 **Market health / Commercial Values Risk** – the Council’s capital programme relies on commercial activity as a key supporting strategy. This involves generation of income from property letting, sales receipts and other revenue/capital financial flows such as land deals with developers. In some cases, the Council commits to large projects, based on assumptions about future asset values. Should market movements mean that these assumptions are inaccurate, then the Council may suffer financially. To mitigate this risk, the Council relies on expert advice on future asset values in making its decisions.
- 12.8 **Project Risks** – risks that relate to the delivery of capital projects, which in many cases can be controlled, influenced or directly mitigated in ways other

than making contingencies available. These risks would mostly relate to unforeseen project delays and cost increases which could arise from a range of circumstances. The effective management of these risks is mostly linked to the following strategies:

12.8.1. Supplier Financial Stability – construction companies and developers contracting with the Council that experience financial instability pose a significant risk. They may not be able to raise funding to finance operations, and their potential insolvency could lead to a costly process of changing suppliers without any guarantee of remaining within the overall budget. The Council could suffer direct financial loss, and any defects or other issues may not be resolvable as anticipated. To mitigate this risk, the Council carefully considers the financial robustness of any contractor and requests appropriate financial standing assurance and support wherever possible.

12.8.2 Effective Business Case Development - the documentation that is required depends on the project's size. For 2019/20 the types of business cases required for larger projects are:

- strategic case – this confirms that the project outcomes, as scoped, align with the strategic objectives of the Council.
- outline business case – this sets out the preliminary thoughts regarding a proposed project. It contains information required to help the Council make decisions regarding the adoption of the project and sets out envisaged outcomes, benefits and potential risks associated with the project.
- full business case (FBC) - preparation of the FBC is a mandatory part of the business case development process, and is completed following procurement of the scheme but prior to contract signature.

12.8.3 Risk Registers - projects are required to maintain a risk register, to ensure effective monitoring.

12.8.4 Highlight reporting - development projects, as an example, create monthly highlight reports to ensure stakeholders are aware of progress and risks of projects on an on-going basis.

12.8.5 Appointment of professional teams - the Development team has recruited and retained the services of experts to provide robust planning and review in order to advise on financial feasibility and

to ensure timely delivery of projects. Experts also cover key surveying and financial planning roles to give assurance on quality of work and assumptions.

12.9 **Risk of Revenue/FCR Write Off** – the Council commits to feasibility studies on many of its significant capital schemes at the point where spend is revenue in nature or when capital spend may be written off, should the scheme in question not progress. This is managed through careful consideration and approval of all expenditure potentially at risk of revenue write-off. There is a further risk that any projects funded from Flexible use of Capital Receipts (FCR) may not yield the required ongoing revenue savings and therefore may need to be written off to revenue.

12.10 **Transfer Risk** – When the Council plans and delivers projects it is important to consider the risks associated with the project and whether the Council (or its subsidiaries such as Westminster Housing Investment Ltd) is the best placed to take on that risk. A key consideration for major capital schemes is whether these will be developer led or whether the Council will self-develop. For a developer led scheme the developer will take on a significant proportion of the risks associated with the project. However the developer will price this risk in, so it will come at a cost. Considerations can include whether there is resource capacity and expertise to take on specific risks in the context of the overall capital programme. The housing subsidiaries are newly incorporated and there may be an initial set-up risk as the company gains experience and embeds its delivery plan.

### **Contingencies in the Capital Programme**

12.11 In the initial stages of development, major capital projects will have significant uncertainties. For example, these may relate to the planning process, the views / interest of stakeholders who must be consulted, ground conditions, or the costs of refurbishing or demolishing existing buildings (e.g. the cost of asbestos removal).

12.12 For this reason, the council has adopted a structured process of identifying and managing contingencies, which is in line with guidance issued by HM Treasury. In the initial stages of a project these contingencies are necessarily broad estimates due to the number of unknown factors. As projects progress, the unknown factors become clearer and project managers focus on managing these in the most effective way possible, utilising contingencies to do so as needed.

12.13 There is a currently a risk allowance of 20% against original scheme budgets on large-scale development projects, of which 15% is held corporately. The value of the centrally held contingency is £243.293m.

Approximately £150m of this is general capital programme contingency and £93.293m is project specific.

12.14 This is considered appropriate based on HM Treasury guidance and experience from previous projects. However, once the projects are sufficiently progressed, it is expected that each one will have a fully costed risk register compiled and agreed by the project team. The value of the costed risk register will be used instead of the flat rate of 20%.

### **Housing Revenue Account – Risk Mitigation Strategy**

12.15 The range of management options available within the HRA to mitigate any additional risks are as follows:

12.16 The spend monitoring and management information. It is key that there are early warning indicators for management to be able to identify whether any projects are going to overspend in order to be able assess the impact on the HRA plan. Officers produce a management report on the HRA on a monthly basis which is shared with senior management and the Cabinet Member for Housing as part of this.

12.17 The range of management options available within the HRA to mitigate additional risks are (in no particular order):

<b>Risk</b>	<b>Impact</b>	<b>Mitigation</b>
<p><b>Capital Receipts:</b> The plan assumes estimated capital receipts of £467m will be generated and used to fund the development of new homes.</p>	<p>Any significant slippage in the timing or value of these receipts will pose a cash flow risk for staying within the borrowing limit.</p>	<p>Robust monitoring of the timing and expected value of the receipts will help inform management action to mitigate this risk. Management options identified above would need to be applied.</p>
<p><b>Rent Policy</b></p>	<p>If rents were only to increase annually by CPI after the 1% reduction period, not by CPI+1% as modelled, the impact would be significant and the plan would be unviable.</p>	<p>Lobbying is key to the success of avoiding this risk from happening in the first place. Regeneration spend would need to be significantly curtailed.</p>
<p><b>Interest rates</b></p>	<p>The rates assumed are between 4% and 5% on new borrowing throughout the plan. If interest rates were to rise this would have a significant adverse impact as</p>	<p>The HRA has some fixed loans in place which would not be affected until they matured and needed to be replaced. Further fixed rate loans could be taken out to prevent uncontrolled</p>

Risk	Impact	Mitigation
	<p>the peak debt is only £3m less than the cap. Ignoring profiles of current fixed term loans, a 1% rise in interest would add £2-3m per annum to costs and increase debt levels further. This would compound annually.</p>	<p>increases. However, the scale and pace of regeneration may need to be reviewed.</p>
<p><b>Inflation</b></p>	<p>If inflation were to increase above that assumed by 1%, the Plan would no longer be viable over 30 years.</p>	<p>The increase in costs would be partially offset by increased income as this is also based on CPI inflation.</p> <p>The situation would not be uncontrolled as there would need to be a decision as to whether certain expenditure is still deemed affordable or value for money. Management options identified above would also need to be applied.</p>
<p><b>Capital Costs</b></p>	<p>If the cost of construction and professional fees on the regeneration programme were to increase by 20% this would cost c£50m.</p>	<p>This is provided for within contingency on the regeneration scheme budgets. The central contingency could be drawn upon. Other general estates expenditure could be reprofiled.</p>
<p><b>Welfare Reform:</b> Implementation of Universal Credit, benefit cap and other welfare reform changes.</p>	<p>May increase rent arrears which impacts HRA income.</p>	<p>More active/proactive debt management action may be required. Robust monitoring of service activity to act as an early warning.</p>
<p><b>Brexit:</b> Adverse impacts on costs and values as a consequence of Brexit</p>	<p>There is increased uncertainty about the cost of projects due to changes in the cost of materials and labour arising from changes in the value of the pound relative to other currencies. Equally there are changes in the attractiveness of London as a residential investment, positively due to falls in the value of the pound</p>	<p>A selection of current projects are being reviewed to identify and seek to quantify the impacts based on the best evidence available to highlight areas where further measures need to be taken.</p>

Risk	Impact	Mitigation
	and negatively from lack of access to Europe. These are highly uncertain and may lead to increased caution on the part of contractors and developers when bidding for work or assessing the risks/rewards of current projects.	

### 13. Economy

#### **Impact on Capital Programme and Property**

- 13.1. Continuing uncertainty around UK's general economic position may lead to fluctuations in the property market. The capital programme is significantly reliant on capital receipts from sales funding the programme. Any fall in the property market may impact the affordability of certain schemes. Consequential changes to rates of return would also affect commercial rental streams.
- 13.2. The ongoing uncertainty has macro-economic implications for the Council. Increasing inflation could impact the council two-fold, in that the Council's contracts are indexed annually based on this higher inflation value and because the council may have to pay more for general goods and services. This could result in cost pressures in the Capital Programme.
- 13.3. The Council will continue to review and plan for developments related to the above as matters arise, these include:
- modelling how unexpected "spikes" in inflation could impact the council
  - examining potential risks and ensuring that there are adequate resources set aside to mitigate or manage these in the short term; and utilising all possible means such as: the offer of a multi-year finance settlement; flexibility on using new capital receipts to generate efficiencies; and regular project monitoring.

### 14. Financial Implications

14.1 The council has proposed a gross General Fund capital programme of £2.521bn. This has to be financed from three key funding sources that are:

- external funding (e.g. grants and contributions)
- internal funding (e.g. capital receipts)
- Borrowing (including forward borrowing)

## Funding

14.2 The main sources of external funding, shown in the table below, are government grants and contributions (from government and external agencies) and Section 106 receipts. These are difficult to forecast on a medium to long-term basis, and can be restrictive in terms of the capital schemes they can fund. Many grants, section 106 receipts and contributions have specific terms and conditions that must be met. Therefore, any forecasting of external funding for the capital programme needs to be done prudently. However, there are no ongoing revenue implications of this method of financing. The borrowing in the table below represents total borrowing rather than “external” borrowing, as the council’s cash balances will be used to optimise the need to borrow externally.

**Table 13: Analysis of proposed funding of capital programme Period 4 2018/19**

Financed by	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 to	Total
	£000	£000	£000	£000	£000	£000	2032/33 £000	
Affordable Housing Fund Contributions	58,551	10,958	19,149	5,000	4,500	-	-	98,158
Community Infrastructure Levy (CIL)	3,724	2,956	1,390	-	-	1,160	-	9,230
DCLG Disabled Facilities Grant	1,297	1,412	1,412	1,412	1,412	1,412	-	8,357
DfE Basic Needs Grant	5,921	1,471	613	-	-	-	-	8,005
DfE Schools Condition Allocation	1,042	2,272	8,107	335	80	-	-	11,836
DoH Community Capacity Grant	291	1,068	200	200	-	-	-	1,759
Education Funding Agency (EFA) Grant	8,100	5,272	3,428	-	-	-	-	16,800
European Regional Development Fund	659	674	-	-	-	-	-	1,333
GLA Other Loan	1,300	-	-	-	-	-	-	1,300
Other Grants and Contribution	16,985	21,930	8,008	8,132	5,850	6,035	-	66,940
Section 106 Contributions	5,373	2,447	2,150	1,650	2,500	400	-	14,520
Section 278 Contributions	20,863	14,847	9,085	2,733	2,500	2,500	-	52,528
Transport for London (TfL) Grant	9,831	5,718	1,000	800	100	100	-	17,549
<b>Total</b>	<b>133,937</b>	<b>71,025</b>	<b>54,542</b>	<b>20,262</b>	<b>16,942</b>	<b>11,607</b>	-	<b>308,315</b>
Capital Receipts	96,147	-	47,645	43,205	8,900	193,886	36,613	426,396
Reserve	-	17,000	-	-	-	-	-	17,000
<b>Borrowing</b>	<b>75,375</b>	<b>256,050</b>	<b>238,932</b>	<b>265,119</b>	<b>199,569</b>	<b>(73,671)</b>	<b>807,764</b>	<b>1,769,139</b>
<b>Total</b>	<b>305,460</b>	<b>344,075</b>	<b>341,119</b>	<b>328,586</b>	<b>225,411</b>	<b>131,822</b>	<b>844,377</b>	<b>2,520,849</b>

14.3. Capital grants and contributions include grants from the Department for Education (DfE), which are provided to ensure that the council is meeting their statutory requirements of providing school places and ensuring that school buildings are in a good condition. Other grants the council receives

include TfL grant funding for infrastructure improvements across the City, Education Funding Agency (EFA) Grant, Disabled Facilities Grant (DFG) and Community Capacity Grants in Adult Social Care.

- 14.4. Community Infrastructure Levy (CIL) will predominantly replace the current Section 106 receipts system. Instead of the planning obligations that developers have to make currently, they will now have to pay a charge (levy). The income from this levy will be held corporately and the council will decide (via an internal governance process) how to allocate these funds to relevant infrastructure projects.
- 14.5. CIL differs from Section 106, which essentially is a contract between a developer and the council. In contrast, CIL is a levy that the developer is liable to pay when planning permission is approved and the development is underway. The council has greater flexibility compared to Section 106, as the developer cannot stipulate any terms.
- 14.6. The Council will continue to look for innovative ways to fund the capital programme; this could include private sector capital contributions towards major projects.
- 14.7. The main sources of internal funding are from capital receipts or revenue in the form of reserves or in-year underspends.
- 14.8. Capital receipts are generated from the sale of non-current assets, and apart from special circumstances, can only be used to fund the capital programme. The Council holds all capital receipts corporately, which ensures they can be used to fund the overall programme; therefore, individual services are not reliant on their ability to generate capital receipts. However, in special cases, some capital receipts maybe ring-fenced for the particular services, but this will need approval by CRG.
- 14.9. It is estimated that the proposed capital programme will be funded via £426.396m worth of capital receipts, primarily through the sale of properties as part of development projects. The use of capital receipts will peak in 2023/24, and will be applied to reduce the funding gap.
- 14.10. Although the council has a disposals programme that aids projections for the funding of the capital programme, the timing and value of asset sales can be volatile. Therefore, asset disposals have to be closely monitored, as any in-year shortfalls need to be met by increasing borrowing.
- 14.11. Revenue budgets can be transferred to capital. As this will necessarily impact revenue budgets, it is only used as a source of funding when the capital project will deliver future revenue savings. This allows the Council

to generate savings, which will mitigate funding reductions in future years. A business case would be required to support revenue funding of a project.

14.12. The Council can make use of Flexible use of Capital Receipts for eligible expenditure. Further details of qualifying expenditure is detailed in paragraph 11.7 to 11.24.

## Borrowing

14.13. Borrowing is a resource available to the council in funding its capital programme. Borrowing can take the form of internal or external borrowing.

**Table 14: Proposed borrowing requirement Period 4 2018/19**

	Five Year Plan						Future Years to 2032/33 £000	Total £000
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000		
Borrowing Requirement	75,375	273,050	238,932	265,119	199,569	(73,671)	807,764	1,786,139

14.14. Internal borrowing is the term used to describe the use of council resources, such as reserves and cash balances, to finance capital expenditure. In effect, this is capital expenditure not supported by direct funding, external borrowing or any other form of external financing. While this has to be repaid, it does not represent a formal debt in the same way as external borrowing.

14.15. This strategy is a prudent use of Council resources. Currently, investment returns are low and counterparty risk is relatively high. Should these balances not be available for internal borrowing, the council could potentially have to take on long-term external borrowing paying a higher interest rate than could be achieved for a long-term investment.

14.16. External borrowing is the process of going to an external financial institution to obtain money. The council would generally borrow from the Public Works Loans Board (PWLB) due to their favourable rates for public sector bodies. However, the market is regularly monitored to ensure that rates continue to be competitive. The council is currently exploring forward borrowing options to enable future borrowing requirements to be locked in at current rates.

14.17. The Council has the ability to borrow at a future date for an agreed price now. This is appropriate for when the council knows that it will be required to borrow in the future and wishes to lock in certainty of interest rate cost. The reason for doing this is that the cost of borrowing can fluctuate and may increase for the council over a period of time. The Council is proposing to incorporate this option as part of a wider borrowing

strategy and elect to forward borrow when it deems it to be a value for money option. Further details are in paragraphs 14.34 to 14.37

- 14.18. A possible alternative source of debt finance in the future will be to borrow via a bond issued by the Municipal Bonds Agency (MBA). This will be subject to the MBA achieving a source of finance and issuing its first bond. The agency is an independent body with its own governance structure, accountable to its local authority shareholders and the LGA. It raises money on the capital markets by issuing bonds to financial institutions that are then lent on to participating local authorities. The Council has been actively working with the MBA to enable it to market its first bond issuance and realise its potential as a mainstream lender to local authorities. Typically, the MBA will issue bonds to institutions such as insurers and pension funds who tend to want to prioritise secure income streams over interest, compared with more traditional borrowing from banks. It is expected that the bond will be issued at a rate lower than PWLB rates and is expected to provide a viable alternative to the PWLB.
- 14.19. Another borrowing option for the council is through the European Investment Bank (EIB). The EIB offer competitive rates; however, there are strict governance processes around any loans that are taken out with the EIB. Therefore, the council would have to clearly set out the reasons for the loan, what it would be used for, and the EIB would then have to decide if this is an appropriate use of their funds.
- 14.20. Development and investment schemes will be required to cover the costs of borrowing through identifying increased income streams or revenue savings in order to fund repayments. To address this, on completion of the scheme the services budget will be reduced by the level of borrowing costs. However, for operational schemes, due to the nature of the spend, this is unlikely to result in increased income or revenue savings. As such they will be assessed on a scheme-by-scheme basis and if appropriate, budgeted for corporately.
- 14.21. The table below gives a summary of the financing of the General Fund capital programme. The largest proportion of funding in the programme comes from borrowing, at 71%. Internal funding from capital receipts make up a further 17%. This is largely from the sale of residential units that will be built as part of a number of development schemes. The remainder will come from various grants and other income sources.

**Table 15: Summary of proposed funding of capital programme Period 4 2018/19**

	2018/19 £000	Five Year Plan					Future Years to 2032/33 £000	Total £000
		2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000		
External Funding	133,937	71,025	54,542	20,262	16,942	11,607	-	308,315
Capital Receipts	96,147	-	47,645	43,205	8,900	193,886	36,613	426,396
Reserves	-	17,000	-	-	-	-	-	17,000
Borrowing	75,375	256,050	238,932	265,119	199,569	(73,671)	807,764	1,769,139
<b>Total</b>	<b>305,460</b>	<b>344,075</b>	<b>341,119</b>	<b>328,586</b>	<b>225,411</b>	<b>131,822</b>	<b>844,377</b>	<b>2,520,849</b>

### Revenue Implications

14.22. The financing costs of £680.004m in the table below include interest payable and an allocation for repayment of debt – Minimum Revenue Provision (MRP) – arising from the need to borrow (borrowing requirement). The total net revenue costs of the proposed capital programme are expected to be £462.837m by the end of 2032/33, after offsetting commercial income of £217.166m.

**Table 16: Summary of revenue implication of proposed capital programme**

	Forecast	Five Year Plan					Future Years to 2032/33 £000	Total £000
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000		
Expenditure	305,460	344,075	341,119	328,586	225,411	131,822	844,377	2,520,849
External Funding	(133,937)	(71,025)	(54,542)	(20,262)	(16,942)	(11,607)	-	(308,315)
Capital Receipts	(96,147)	-	(47,645)	(43,205)	(8,900)	(193,886)	(36,613)	(426,396)
<b>Borrowing Requirement</b>	<b>75,375</b>	<b>273,050</b>	<b>238,932</b>	<b>265,119</b>	<b>199,569</b>	<b>(73,671)</b>	<b>807,764</b>	<b>1,786,139</b>
Revenue Impacts:								
Capital Financing Cost	4,221	5,949	6,667	15,170	32,719	37,851	577,427	680,004
Financed By:								
Commercial Income	(512)	(1,222)	(2,581)	(3,059)	(4,288)	(5,736)	(199,769)	(217,166)
Net Revenue Position	3,709	4,727	4,087	12,110	28,431	32,115	377,658	462,837
Sinking Fund Adjusted Balance	8,659	7,641	11,664	6,365	(7,162)	(7,982)	(19,185)	-
<b>MTP Budget Assumptions</b>	<b>12,368</b>	<b>12,368</b>	<b>15,751</b>	<b>18,476</b>	<b>21,269</b>	<b>24,133</b>	<b>358,472</b>	<b>462,837</b>

14.23. The council aims to maximise its balance sheet assets and as such is able to utilise cash balances derived from working capital (such items as the appeals provision, reserves, affordable housing fund, etc.) rather than borrow externally to finance the net cost of the capital programme. This is referred to as “internal borrowing”. Of the £1.786bn borrowing requirement, it is anticipated that £745.269m will ultimately need to be borrowed externally.

14.24. The external borrowing is assumed to be PWLB, although other sources of funding like forward borrowing will be explored as outlined in this paper. The PWLB interest rate is assumed to increase steadily to 4.7% by 2026/27 and remain at this rate. Every 1% increase in the interest rate will result in an additional £7.453m of revenue cost by 2032/33. However forward borrowing rates could be locked in at close to current rates (see paragraphs 14.34 to 14.37).

- 14.25. As noted in Section 5, CRG will have a pivotal role in monitoring the cost of funding the programme, ensuring project business cases continue to be viable and the programme, as a whole, affordable. Where they assess this not to be the case, action will be taken to bring the programme back to an affordable position.
- 14.26. MRP is applied where the council has to set aside a revenue allocation for provision of debt repayments (borrowing in the capital programme). MRP replaces other capital charges (e.g. depreciation) in the statement of accounts and has an impact on the council's bottom line. MRP will increase and decrease throughout the programme and is sensitive to both expenditure and funding changes. The council will continue to balance the use of capital receipts, internal borrowing and external borrowing to ensure the most efficient use of resources, including the need to fund MRP.
- 14.27. The council has an on-going capital programme and will continue to invest in capital projects beyond 2023/24, and will therefore need to ensure that funds are set aside for the future costs of borrowing.
- 14.28. After analysis of the spending trends within the capital programme year on year, it has been identified that there is some element of slippage on an annual basis. As a result, within the capital financing cost calculations, a 5% reduction has been applied to expenditure and external funding within the capital programme as this more accurately reflects the expected cost of the programme, and ensures that the capital financing budget is not overstated.
- 14.29. As part of the closure of the Council's annual accounts the City Treasurer will make the most cost effective and appropriate financing arrangements for the capital programme as a whole. Thus, funds will not be ring fenced unless legally required.
- 14.30. The above revenue implications of the capital programme will be covered through a mixture of efficiency savings, income generation, use of existing budgets and use of reserves.
- 14.31. The large development schemes, as well as the investment budget, are planned, and required, to generate an ongoing income stream. The key schemes include Dudley House, Huguenot House and income generated through the investment in the property portfolio.
- 14.32. The current MTP assumes a circa £3m annual increase in the cost of financing the capital programme over the next fourteen years. Continuing that policy over the duration of the proposed capital programme, and

indexing for inflation, will result in a total budget spend of £462.837m to fund the capital programme

14.33. Key schemes will start generating income and efficiency savings from 2022/23. It should be noted that reserves will be required to bridge the gap in the interim, before being repaid.

### **Forward Borrowing**

14.34. The Council has a responsibility to lock in affordability for its extensive capital programme and manage interest rate risk, while making prudent assumptions about the pace of delivery and allowing for some flexing of its forecasts.

14.35. In order to achieve the best balance, the Council would be prudent to lock in affordability by placing some forward borrowing for the amounts it can be relatively certain it will need, whilst maintaining some forward flexibility as projects may or may not get off the ground in the expected timeframes. Borrowing £400m would have the financial implications below:

**Table 17: Forward borrowing - Net revenue impact of interest rate changes**

Summary Forecast of nominal cash flows to 2032/33 - blended						
	Budget Forecast (£,000's)	2% Rate Fall (£,000's)	1% Rate Fall (£,000's)	Current Rates (£,000's)	1% Rate Rise (£,000's)	2% Rate Rise (£,000's)
Total Interest Payable	194,637	93,842	111,228	128,057	144,887	156,083
Interest Earnings	(37,658)	585	(18,536)	(37,658)	(56,779)	(75,901)
Net Revenue impact	156,979	94,428	92,692	90,400	88,107	80,182
Affordable?	N/A	Yes	Yes	Yes	Yes	Yes
Variance to Budget		62,551	64,287	66,580	68,872	76,797

The table shows how the variance to budget changes as interest rates rise or fall from the current interest rate assumption.

14.36. The proposed course of action shown in the table, would allow the council to make significant savings compared to the current planned budget forecast for interest payable in each of the scenarios modelled. The capital programme model assumes the cost of borrowing will be 2.7% by March 2019, 3.3% by March 2020, 4% by March 2022 and 4.4% by March 2023. In the case of the cost of borrowing remaining unchanged in the medium term, the Council will save £67m from its long term net borrowing budget forecast (£4.5m pa).

14.37. Although this report models the impact on the budget over the next 15 years, the true additional non-discounted cost of borrowing will potentially be reduced significantly further over subsequent years as the loans will be repaid over 25 to 50 years. Each 1% rise in the interest rates paid on the

loan portfolio will cost at least an approximate additional £7.5m per annum beyond this 15-year horizon.

## **15. HRA Financial Implications**

15.1. The HRA capital investment requirement over the next 30 years is £1.878bn, and over the first five years £662m. The HRA is subject to a different business planning process that is linked to modelling of the HRA business plan over 30 years. An important distinction compared to other council capital investment decisions is that HRA resources can only be applied for HRA purposes, and that HRA capital receipts are restricted to fund affordable housing, regeneration or debt redemption.

15.2. The council's latest HRA 30-year business plan focuses upon delivering three key programmes. These are:

- investment to maintain and improve existing council-owned homes
- delivery of new affordable homes
- implementation of the housing regeneration programme

15.3. The business plan outlines the proposed HRA investment programme and the context within which the business planning has been undertaken. This includes key assumptions as well as a risk register and proposed management strategies available to mitigate any risk.

15.4. The five-year investment plan is broken down between the three main categories of spend: - HRA major works on our own stock, regeneration spend and other investment plans.

15.5. Gross HRA capital expenditure of £788m over this year and the next five years is required to deliver the plans within this investment strategy, including: £238m on works to existing stock; £322m on housing estate regeneration; and £228m on other investment opportunities. This will be funded from £200m of HRA revenue resources, £358m from capital receipts and right to buy sales, £146m from the Council's AHF together with £71m of new borrowing and a capital grant of £13m. Further detail on this can be found within the Housing Investment Strategy and HRA Business Plan which is provided in the papers for this meeting agenda.

## **16. Legal Implications**

16.1. The legal implications for each individual scheme within the capital programme will be considered when approval is sought for that particular

scheme. Each scheme within the capital programme will be approved in accordance with the council's constitution.

## **17. Staffing Implications**

17.1 None specifically in relation to this report.

## **18. Consultation**

18.1 Consultation and engagement will be carried out on individual schemes with the capital programme.

**If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:**

*Steven Mair, City Treasurer  
smair@westminster.gov.uk  
020 7641 2904*

## **BACKGROUND PAPERS:**

Capital programme working papers

Capital Programme Submission Requests for individual projects

## **Appendices**

**Appendix A(i) – Capital Programme 2019/20 to 2023/24, forecast position for 2018/19 and future years' forecasts summarised up to 2032/33 by Cabinet Member**

**Appendix A(ii) – Capital Programme 2019/20 to 2023/24, forecast position for 2018/19 and future years' forecasts summarised up to 2032/33 by Chief Officer**

**Appendix B – HRA Capital Programme 2018/19 to 2022/23**

## Appendix B - HRA Capital Programme 2019/20 to 2048/49

HRA FIVE YEAR CAPITAL PROGRAMME														
Schemes	2017-18 Outturn £'000	2018-19 Forecast £'000	2019-20		2020-21		2021-22		2022-23		2023-24		Total 5yr Plan £'000	Total 30yr Plan £'000
			Plan	£'000	Plan	£'000	Plan	£'000	Plan	£'000	Plan	£'000		
<b>Major Works</b>														
Electrical Works & Laterals	7,568	10,465	5,729	6,012	6,499	5,383	10,023	33,646	294,261					
External Repairs & Decorations	11,807	22,750	18,351	15,995	15,363	21,805	18,900	90,415	359,900					
Fire Precautions	4,499	7,502	9,485	8,952	5,500	4,731	7,615	36,283	70,783					
Kitchen & Bathroom	822	357	750	700	700	700	750	3,600	27,100					
Lifts	2,521	3,394	1,500	1,500	1,500	1,500	1,500	7,500	45,000					
Major Voids , aids and adaptions	4,674	5,200	3,500	3,500	3,500	3,500	3,500	17,500	105,000					
<b>Total Major Works</b>	<b>31,891</b>	<b>49,668</b>	<b>39,315</b>	<b>36,659</b>	<b>33,062</b>	<b>37,619</b>	<b>42,288</b>	<b>188,944</b>	<b>902,044</b>					
<b>Regeneration</b>														
Cosway Street	608	4,827	13,040	14,048	664	0	0	27,752	27,752					
Lisson Arches	2,122	3,664	8,980	12,107	2,650	344	0	24,080	24,080					
Luton Street	258	2,140	6,374	5,752	0	0	0	12,126	12,126					
Parsons North	358	4,887	11,358	10,193	559	0	0	22,110	22,110					
Ashbridge	365	2,917	6,940	1,912	222	0	0	9,074	9,074					
Church Street Phase Two	982	6,084	2,963	1,281	27,455	57,809	29,889	119,398	307,417					
Tollgate Gardens	7,142	742	9,680	0	0	0	0	9,680	9,680					
Ebury	11,193	15,795	23,528	24,699	8,184	300	306	57,017	139,414					
<b>Total Regeneration</b>	<b>23,028</b>	<b>41,056</b>	<b>82,863</b>	<b>69,992</b>	<b>39,734</b>	<b>58,453</b>	<b>30,195</b>	<b>281,237</b>	<b>551,654</b>					
<b>Other Schemes</b>														
District Heating Network Scheme	496	392	0	0	0	0	0	0	0					
Edgware Rd	1,952	37	6,564	300	0	0	0	6,864	6,864					
Future Pipeline	2,728	10,438	40,027	32,394	28,857	25,896	328	127,501	131,167					
Self Financing	22,064	18,339	10,000	10,000	10,000	10,000	10,000	50,000	110,000					
Kemp House/Berwick Street	8	749	0	0	0	0	0	0	0					
Ashmill	0	243	668	10	0	0	0	678	678					
Central Contingency	0	5,429	2,374	2,265	393	1,652	236	6,919	14,821					
<b>Total Other Schemes</b>	<b>27,248</b>	<b>35,628</b>	<b>59,633</b>	<b>44,968</b>	<b>39,249</b>	<b>37,548</b>	<b>10,564</b>	<b>191,962</b>	<b>263,530</b>					
<b>Total Capital Expenditure</b>	<b>82,167</b>	<b>126,351</b>	<b>181,810</b>	<b>151,619</b>	<b>112,046</b>	<b>133,620</b>	<b>83,048</b>	<b>662,143</b>	<b>1,717,228</b>					
<b>Financed By:</b>														
Capital Receipts	20,000	35,650	52,200	59,787	70,771	68,113	57,092	307,963	397,282					
Right To Buy	11,535	9,606	2,385	766	0	1,760	0	4,910	69,654					
Grants	2,000	5,905	6,700	0	0	0	0	6,700	6,700					
AHF	9,480	18,431	38,226	28,445	17,944	40,416	2,625	127,656	263,467					
RCCO	15,781	33,428	11,995	15,010	0	0	0	27,005	186,757					
MRA	23,371	23,331	23,331	23,331	23,331	23,331	23,331	116,655	699,930					
Borrowing	0	0	46,974	24,281	0	0	0	71,254	93,439					
<b>Total Financing</b>	<b>82,167</b>	<b>126,351</b>	<b>181,810</b>	<b>151,619</b>	<b>112,046</b>	<b>133,620</b>	<b>83,048</b>	<b>662,143</b>	<b>1,717,228</b>					

Appendix A (i) - Capital Programme 2019/20 to 2023/24, Forecast Position for 2018/19 and future years' forecasts summarised up to 2032/33 by ELT Portfolio

	18/19			19/20			20/21			21/22			22/23			23/24			5 Years (19/20 - 23/24)			Future Years (24/25 - 32/33)			Grand Total			
	Spend	External Funding	Net Total	Spend	External Funding	Net Total	Spend	External Funding	Net Total	Spend	External Funding	Net Total	Spend	External Funding	Net Total	Spend	External Funding	Net Total	Spend	External Funding	Net Total	Spend	External Funding	Net Total	Total Spend	Total External Funding	Total Net	
BERNARD LODGE AND FLOREY	91	(91)	-	91	(91)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	182	(182)	-	
CUSTOMER SELF SERVICE DIGITAL ENHANCEMENT	-	-	-	100	(100)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100	(100)	-	
FRAMEWORKING UPGRADE TO MOSAIC	100	(100)	-	250	(250)	-	200	(200)	-	200	(200)	-	-	-	-	-	-	-	-	-	-	-	-	-	750	(750)	-	
HEALTH INTEGRATION	-	-	-	200	(200)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	200	(200)	-	
LUPUS STREET	-	-	-	327	(327)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	327	(327)	-	
MOBILE WORKING	100	(100)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100	(100)	-	
PEOPLE FIRST WEBSITE	-	-	-	100	(100)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100	(100)	-	
<b>ADULT'S SERVICES TOTAL</b>	<b>291</b>	<b>(291)</b>	<b>-</b>	<b>1,068</b>	<b>(1,068)</b>	<b>-</b>	<b>200</b>	<b>(200)</b>	<b>-</b>	<b>200</b>	<b>(200)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,759</b>	<b>(1,759)</b>	<b>-</b>	
HALLFIELD HEATING & DISTRIBUTION	790	(790)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	790	(790)	-	
HALLFIELD SITE IMPROVEMENTS	-	-	-	459	(459)	-	459	(459)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	918	(918)	-
KING SOLOMON SCHOOL EXPANSION	2,112	(2,112)	-	2,815	(2,815)	-	1,173	(1,173)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,100	(6,100)	-	
PIMLICO ACADEMY	-	-	-	-	-	-	7,300	(7,300)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,300	(7,300)	-	
PORTMAN - BOILER AND DISTRIBUTION	-	-	-	2,951	(1,604)	1,347	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,951	(1,604)	1,347	
QUINTON KYNASTON	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
REMODELLING OF EARLY HELP/CHILDREN'S SERVICES INVESTMENT	622	-	622	250	-	250	250	-	250	-	250	250	250	-	250	-	250	250	1,000	-	1,000	-	-	-	1,622	-	1,622	
SCHOOLS MINOR WORKS PROJECTS	252	(252)	-	209	(209)	-	348	(348)	-	335	(335)	-	80	(80)	-	-	-	-	-	-	-	-	-	-	-	1,224	(1,224)	-
ST GEORGE'S SCHOOL EXPANSION	4,818	(4,818)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,818	(4,818)	-	
ST MARYLEBONE BRIDGE SPECIAL SCHOOL EXPANSION	500	(500)	-	5,272	(5,272)	-	3,428	(3,428)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,200	(9,200)	-	
<b>CHILDREN'S SERVICES TOTAL</b>	<b>9,094</b>	<b>(8,472)</b>	<b>622</b>	<b>11,956</b>	<b>(10,359)</b>	<b>1,597</b>	<b>12,958</b>	<b>(12,708)</b>	<b>250</b>	<b>585</b>	<b>(335)</b>	<b>250</b>	<b>330</b>	<b>(80)</b>	<b>250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,923</b>	<b>(31,954)</b>	<b>2,969</b>	
20 GROSVENOR SQUARE	550	(550)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	550	(550)	-	
ABELL AND CLELAND PUBLIC REALM	500	(500)	-	540	(540)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,040	(1,040)	-	
BAKER STREET TWO WAY	7,550	(7,332)	218	500	(490)	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,050	(7,822)	228	
BERKELEY SQUARE NORTH	3,000	(3,000)	-	1,654	(1,654)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,654	(4,654)	-	
BOND STREET	2,806	(1,784)	1,022	680	(560)	120	20	(510)	(490)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,506	(2,854)	652	
BOND STREET WESTERN TICKET HALL	80	(80)	-	933	(933)	-	-	-	-	33	(33)	-	-	-	-	-	-	-	-	-	-	-	-	-	1,046	(1,046)	-	
BRIDGES AND STRUCTURES - MOORING RINGS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
BUSINESS PROCESSING AND TECHNOLOGY CONTRACT - PARKING	-	-	-	-	-	-	500	-	500	1,000	-	1,000	-	-	-	-	-	-	-	-	-	-	-	-	1,500	-	1,500	
CAMBRIDGE CIRCUS IMPROVEMENTS	469	-	469	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	469	-	469	
CCTV AND LINING PROGRAMME	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
CCTV CRIME AND DISORDER ESTATE	158	-	158	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	158	-	158	
CEMETERIES IMPROVEMENTS	60	-	60	38	-	38	38	-	38	38	-	38	38	-	38	38	-	38	38	-	38	-	-	-	250	-	250	
CEREMONIAL STREETScape	6,000	(6,000)	-	8,172	(8,172)	-	124	(124)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,296	(14,296)	-	
CHRISTCHURCH GARDENS	-	-	-	250	(250)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	250	(250)	-	
CLEVELAND ROW PUBLIC REALM	500	(500)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	500	(500)	-	
CORPORATE PROPERTY PROJECTS 1	-	-	-	275	(75)	200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	275	(75)	200	
COVENT GARDEN STREETScape	350	(350)	-	1,650	(1,650)	-	750	(750)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,750	(2,750)	-	
CYCLE SCHEMES	5,628	(5,628)	-	4,568	(4,568)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,196	(10,196)	-	
DISABLED FACILITIES GRANT PROGRAMME	1,297	(1,297)	-	1,412	(1,412)	-	1,412	(1,412)	-	1,412	(1,412)	-	1,412	(1,412)	-	1,412	(1,412)	-	1,412	(1,412)	-	-	-	-	8,357	(8,357)	-	
DUKE STREET PUBLIC REALM	311	(311)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	311	(311)	-	
EAST MAYFAIR PUBLIC REALM SCHEME	4,415	(4,146)	269	2,267	(2,267)	-	1,325	(1,325)	-	200	(200)	-	-	-	-	-	-	-	-	-	-	-	-	-	8,207	(7,938)	269	
ELECTRIC VEHICLE CHARGING INFRASTRUCTURE	-	-	-	150	(150)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	150	(150)	-	
GLASSHOUSE STREET	800	(800)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	800	(800)	-	
HANOVER SQUARE	2,963	(2,963)	-	5,000	(3,000)	2,000	5,000	(5,000)	-	869	(869)	-	-	-	-	-	-	-	-	-	-	-	-	-	13,832	(11,832)	2,000	
HARROW ROAD BRIDGE CATHODIC PROTECTION	2,400	-	2,400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,400	-	2,400	
HEALTH AND WELLBEING PROJECTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	300	-	300	
ISOLATED PITCHES ELECTRICS	-	-	-	500	-	500	500	-	500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000	-	1,000	
JERMYN STREET	2,000	(2,000)	-	2,074	(2,074)	-	100	(100)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,174	(4,174)	-	
LEISURE FACILITIES CAPITAL INVESTMENT PROGRAMME	900	(115)	785	720	(15)	705	760	(20)	740	600	-	600	600	-	600	450	-	450	3,130	(35)	3,095	500	-	500	4,530	(150)	4,380	
LIBRARIES 6 YEAR REDEcoration PROGRAMME	1,206	-	1,206	580	-	580	400	-	400	400	-	400	400	-	400	400	-	400	2,180	-	2,180	400	-	400	3,786	-	3,786	
LIBRARIES IT/SMART OPEN	-	-	-	200	-	200	200	-	200	-	-	-	-	-	-	-	-	-	400	-	400	-	-	-	400	-	400	
LOCAL SAFETY AND TRAFFIC MANAGEMENT SCHEMES	2,804	(1,603)	1,201	2,350	(1,050)	1,300	1,100	(700)	400	1,100	(700)	400	-	-	-	-	-	-	4,550	(2,450)	2,100	-	-	-	7,354	(4,053)	3,301	
MARKETS ELECTRICS	-	-	-	600	-	600	-	-	-	-	-	-	-	-	-	-	-	-	600	-	600	-	-	-	600	-	600	
MARYLEBONE LANE PHASE 2	119	(119)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	119	(119)	-	
MARYLEBONE LOW EMISSION NEIGHBOURHOOD (LEN)	-	-	-	500	(500)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	500	(500)	-	
MULTI USE GAMES AREAS AND OUTDOOR FITNESS FACILITIES	119	-	119	237	(170)	67	35	-	35	-	-	-	-	-	-	-	-	-	272	(170)	102	-	-	-	391	(170)	221	
NEAT STREETS	-	-	-	150	(150)	-																						

	18/19			19/20			20/21			21/22			22/23			23/24			5 Years (19/20 - 23/24)			Future Years (24/25 - 32/33)			Grand Total				
	Spend	External Funding		Spend	External Funding		Spend	External Funding		Spend	External Funding		Spend	External Funding		Spend	External Funding		Spend	External Funding		Spend	External Funding		Total Spend	Total External Funding			
		Total	Net Total		Total	Net Total		Total	Net Total		Total	Net Total		Total	Net Total		Total	Net Total		Total	Net Total		Total	Net Total		Total	Net Total	Total	Net Total
CORPORATE SOFTWARE LICENCES	50	-	50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50	-	50		
DATA CENTRE REFRESH	100	-	100	100	-	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,500	-	1,500		
DATA NETWORK REFRESH	200	-	200	75	-	75	-	-	75	-	-	125	-	125	175	-	175	-	-	375	-	375	825	-	825	1,485	-	1,485	
END USER COMPUTING REFRESH	3,370	-	3,370	965	-	965	160	-	160	-	-	190	-	190	2,820	-	2,820	-	-	200	-	200	4,335	-	4,335	7,023	-	7,023	
MEETING ROOMS REFURBISHMENT	-	-	-	250	-	250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	250	-	250		
PARKING & INTEGRATED STREET MANAGEMENT IT	190	-	190	75	-	75	75	-	75	-	-	75	-	75	75	-	75	-	-	75	-	75	375	-	375	675	-	675	
<b>CORPORATE SERVICES TOTAL</b>	<b>3,910</b>	<b>-</b>	<b>3,910</b>	<b>1,465</b>	<b>-</b>	<b>1,465</b>	<b>310</b>	<b>-</b>	<b>310</b>	<b>390</b>	<b>-</b>	<b>390</b>	<b>-</b>	<b>390</b>	<b>3,070</b>	<b>-</b>	<b>3,070</b>	<b>-</b>	<b>-</b>	<b>1,050</b>	<b>-</b>	<b>1,050</b>	<b>6,285</b>	<b>-</b>	<b>6,285</b>	<b>10,083</b>	<b>-</b>	<b>10,083</b>	
CAPITALISATION OF PENSION CONTRIBUTION	20,000	-	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,000	-	20,000		
CITY HALL REVENUE COSTS	10,743	-	10,743	2,500	-	2,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,500	-	2,500	-	-	13,243	
CORE DEPARTMENTAL APPLICATIONS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
DIGITAL TRANSFORMATION REVENUE COSTS	334	-	334	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	334	-	334		
NETWORK AND TELEPHONY TRANSFORMATION	250	-	250	600	-	600	375	-	375	100	-	100	-	-	-	-	-	-	-	-	-	-	1,075	-	1,075	1,325	-	1,325	
TECHNOLOGY REFRESH	-	-	-	150	-	150	300	-	300	300	-	300	-	-	-	-	-	-	-	-	-	-	750	-	750	-	-	750	
<b>FCR TOTAL</b>	<b>31,327</b>	<b>-</b>	<b>31,327</b>	<b>3,250</b>	<b>-</b>	<b>3,250</b>	<b>675</b>	<b>-</b>	<b>675</b>	<b>400</b>	<b>-</b>	<b>400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,325</b>	<b>-</b>	<b>4,325</b>	<b>35,652</b>	<b>-</b>	<b>35,652</b>	
33 TACHBROOK STREET	62	-	62	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	62	-	62		
41 WHITCOMB/HUGUENOT HSE REDEV	156	-	156	1,549	-	1,549	6,000	-	6,000	33,108	-	33,108	24,053	-	24,053	-	-	-	-	1,027	-	1,027	65,737	-	65,737	65,893	-	65,893	
42 WESTBOURNE PARK ROAD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9/11 NEW CAVENDISH STREET	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AFFORDABLE HOUSING FUNDING BUDGET	12,566	(12,566)	-	1,950	(1,950)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,950	(1,950)	-	-	-	-	
BEACHCROFT	14,609	(3,572)	11,037	15,364	-	15,364	964	-	964	-	-	-	-	-	-	-	-	-	-	-	-	-	16,328	-	16,328	30,937	(3,572)	27,365	
CAPITALISED SALARY COSTS	779	-	779	1,057	-	1,057	827	-	827	844	-	844	861	-	861	878	-	878	-	-	-	-	4,467	-	4,467	5,246	-	5,246	
CARLTON DENE	170	-	170	428	-	428	14,747	(16,370)	(1,623)	19,490	-	19,490	13,638	-	13,638	331	-	331	-	-	-	-	48,634	(16,370)	32,264	48,804	(16,370)	32,434	
CHINATOWN	-	-	-	200	-	200	2,349	(949)	1,400	2,000	(2,000)	-	-	-	-	-	-	-	-	-	-	-	4,549	(2,949)	1,600	4,549	(2,949)	1,600	
CHURCH ST GOOD GROWTH FUND	-	-	-	150	-	150	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	150	-	150	-	-	150	
CHURCH ST REGEN HUB	-	-	-	350	-	350	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	350	-	350	-	-	350	
CHURCH STREET GREEN SPINE PHASE 1	800	(800)	-	1,652	(1,652)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,652	(1,652)	-	-	2,452	(2,452)	
CIRCUS ROAD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
CITY HALL IMPROVEMENT - MAJOR REFURBISHMENT	48,084	-	48,084	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48,084	-	48,084		
CORPORATE PROPERTY PROJECTS 2	1,116	-	1,116	2,277	-	2,277	2,149	-	2,149	897	-	897	893	-	893	920	-	920	-	-	-	-	7,136	-	7,136	8,252	-	8,252	
COSWAY STREET	500	-	500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	500	-	500		
COUNCIL HOUSE FIT OUT OF ADDITIONAL REQUIREMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
COUNCIL HOUSE LEASE DISPOSAL COSTS	326	-	326	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	326	-	326		
DISTRIC HEATING PROJECTS	-	-	-	3,928	(3,808)	120	990	(2,070)	(1,080)	4,726	(400)	4,326	538	(1,000)	(462)	6,902	(3,940)	2,962	-	-	-	-	17,084	(11,218)	5,866	17,084	(11,218)	5,866	
DUDLEY HOUSE	40,657	(28,500)	12,157	1,612	(2,573)	(961)	899	-	899	899	-	899	899	-	899	899	-	899	-	-	-	-	2,511	(2,573)	(62)	43,168	(31,073)	12,095	
ENERGY MONITOR & TARGET	748	-	748	150	-	150	150	-	150	50	-	50	50	-	50	50	-	50	-	-	-	-	450	-	450	1,198	-	1,198	
FARM STREET	60	-	60	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	-	60		
FUTURE EDUCATION NEEDS	-	-	-	650	-	650	5,000	-	5,000	10,000	(5,000)	5,000	15,000	(4,500)	10,500	5,000	-	5,000	-	-	-	-	35,650	(9,500)	26,150	35,650	(9,500)	26,150	
GOLDEN SQUARE	-	-	-	100	-	100	400	-	400	6,000	(100)	5,900	4,000	(100)	3,900	4,000	-	4,000	-	-	-	-	10,500	(200)	10,300	10,500	(200)	10,300	
HARROW ROAD	60	(60)	-	1,094	(837)	257	738	(700)	38	1,245	(500)	745	1,000	(500)	500	-	-	-	-	-	-	-	4,077	(2,537)	1,540	4,137	(2,597)	1,540	
HOUSING INVESTMENT IN DISCHARGE OF DUTY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
HOUSING INVESTMENT IN DISCHARGE OF DUTY PHASE 2	15,000	-	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,000	-	15,000		
INVESTMENT PORTFOLIO ASSET MANAGEMENT	-	-	-	400	-	400	200	-	200	150	-	150	100	-	100	100	-	100	-	-	-	-	950	-	950	950	-	950	
LANARK ROAD 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
LANDLORD RESP - ABBEY CENTRE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
LANDLORD RESPONSIBILITIES	2,510	-	2,510	1,250	-	1,250	1,250	-	1,250	1,500	-	1,500	1,500	-	1,500	1,500	-	1,500	-	-	-	-	7,000	-	7,000	9,510	-	9,510	
LANDLORD RESPONSIBILITY - MAYFAIR LIBRARY	393	-	393	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	393	-	393		
LANDLORD RESPONSIBILITY- REGENCY CAFE	-	-	-	140	-	140	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	140	-	140	140	-	140	
LEICESTER SQUARE TICKET BOOTH	20	-	20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20	-	20		
LEISURE REVIEW - DEVELOPMENT	-	-	-	200	-	200	2,676	-	2,676	5,810	-	5,810	7,032	-	7,032	11,847	-	11,847	-	-	-	-	27,565	-	27,565	271,730	-	271,730	
LEISURE REVIEW MAINTENANCE	-	-	-	3,500	-	3,500	3,500	-	3,500	3,500	-	3,500	3,500	-	3,500	3,500	-	3,500	-	-	-	-	17,500	-	17,500	10,500	-	10,500	
LISSON GROVE IMPROVEMENT-INFRASTRUCTURE	771	-	771	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	771	-	771		
LISSON GROVE PROGRAMME	1,459	-	1,459	3,905	-	3,905	12,000	-	12,000																				

Appendix A (ii) - Capital Programme 2019/20 to 2023/24, Forecast Position for 2018/19 and future years' forecasts summarised up to 2032/33 by Cabinet Portfolio

	18/19			19/20			20/21			21/22			22/23			23/24			5 Years (19/20 - 23/24)			Future Years (24/25 - 32/33)			Grand Total			
	Spend	External Funding	Net Total	Spend	External Funding	Net Total	Spend	External Funding	Net Total	Spend	External Funding	Net Total	Total Spend	Total External Funding	Total Net													
																												Total External
CAMBRIDGE CIRCUS IMPROVEMENTS	469	-	469	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	469	-	469	
CEMETERIES IMPROVEMENTS	60	-	60	38	-	38	38	-	38	38	-	38	38	-	38	38	-	38	190	-	190	-	-	-	250	-	250	
CLEVELAND ROW PUBLIC REALM	500	(500)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	500	(500)	-	
CYCLE SCHEMES	5,628	(5,628)	-	4,568	(4,568)	-	-	-	-	-	-	-	-	-	-	-	-	-	4,568	(4,568)	-	-	-	-	10,196	(10,196)	-	
ELECTRIC VEHICLE CHARGING INFRASTRUCTURE	-	-	-	150	(150)	-	-	-	-	-	-	-	-	-	-	-	-	-	150	(150)	-	-	-	-	150	(150)	-	
HARROW ROAD BRIDGE CATHODIC PROTECTION	2,400	-	2,400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,400	-	2,400	
LOCAL SAFETY AND TRAFFIC MANAGEMENT SCHEMES	2,804	(1,603)	1,201	2,350	(1,050)	1,300	1,100	(700)	400	1,100	(700)	400	-	-	-	-	-	-	4,550	(2,450)	2,100	-	-	-	7,354	(4,053)	3,301	
MOBERLY SPORTS CENTRE REDEVELOPMENT	943	-	943	1,167	-	1,167	-	-	-	-	-	-	-	-	-	-	-	-	1,167	-	1,167	-	-	-	2,110	-	2,110	
NEAT STREETS	-	-	-	150	(150)	-	-	-	-	-	-	-	-	-	-	-	-	-	150	(150)	-	-	-	-	150	(150)	-	
OPEN SPACES AND GREENER PLACES	225	(25)	200	225	(25)	200	225	(25)	200	225	(25)	200	225	(25)	200	225	(25)	200	1,125	(125)	1,000	-	-	-	1,350	(150)	1,200	
OPEN SPACES STRATEGY AND PARKS CAPITAL WORKS	940	(640)	300	200	-	200	200	-	200	200	-	200	200	-	200	200	-	200	1,000	-	1,000	-	-	-	1,940	(640)	1,300	
PICCADILLY UNDERPASS	1,000	-	1,000	2,800	-	2,800	864	-	864	-	-	-	-	-	-	-	-	-	3,664	-	3,664	-	-	-	4,664	-	4,664	
PLANNED PREVENTATIVE MAINTENANCE - BRIDGES AND STRUCTURES	1,115	(375)	740	1,010	(250)	760	1,060	(275)	785	1,060	(275)	785	1,065	(275)	790	1,090	(280)	810	5,285	(1,355)	3,930	-	-	-	6,400	(1,730)	4,670	
PLANNED PREVENTATIVE MAINTENANCE - HIGHWAYS	10,039	(597)	9,442	5,090	-	5,090	5,243	-	5,243	7,405	-	7,405	5,590	-	5,590	5,800	-	5,800	29,128	-	29,128	-	-	-	39,167	(597)	38,570	
PLANNED PREVENTATIVE MAINTENANCE - LIGHTING	3,456	(200)	3,256	5,408	-	5,408	4,012	-	4,012	4,725	-	4,725	4,801	-	4,801	2,721	-	2,721	21,667	-	21,667	-	-	-	25,123	(200)	24,923	
SHERWOOD STREET FOOTWAY WIDENING	650	(650)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	650	(650)	-	
STRUTTON GROUND	2,900	(1,673)	1,227	536	(536)	-	-	-	-	-	-	-	-	-	-	-	-	-	536	(536)	-	-	-	-	3,436	(2,209)	1,227	
THAYER/MANDEVILLE PLACE	350	-	350	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	350	-	350	
VICTORIA EMBANKMENT MOORING RINGS	400	(400)	-	916	-	916	-	-	-	-	-	-	-	-	-	-	-	-	916	-	916	-	-	-	1,316	(400)	916	
VICTORIA EMBANKMENT STURGEONS	890	-	890	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	890	-	890	
WASTE CONTAINERS	142	-	142	140	-	140	140	-	140	140	-	140	140	-	140	140	-	140	700	-	700	-	-	-	842	-	842	
WASTE FLEET	2,070	-	2,070	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,070	-	2,070	
WATERLOO AND GOLDEN JUBILEE BRIDGE	967	-	967	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	967	-	967	
<b>ENVIRONMENT AND CITY MANAGEMENT TOTAL</b>	<b>37,949</b>	<b>(12,291)</b>	<b>25,658</b>	<b>24,748</b>	<b>(6,729)</b>	<b>18,019</b>	<b>12,882</b>	<b>(1,000)</b>	<b>11,882</b>	<b>14,893</b>	<b>(1,000)</b>	<b>13,893</b>	<b>12,059</b>	<b>(300)</b>	<b>11,759</b>	<b>10,214</b>	<b>(305)</b>	<b>9,909</b>	<b>74,796</b>	<b>(9,334)</b>	<b>65,462</b>	-	-	-	<b>112,745</b>	<b>(21,625)</b>	<b>91,120</b>	
20 GROSVENOR SQUARE	550	(550)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	550	(550)	-	-	-	-	-	550	(550)	-
ABELL AND CLELAND PUBLIC REALM	500	(500)	-	540	(540)	-	-	-	-	-	-	-	-	-	-	-	-	-	540	(540)	-	-	-	-	1,040	(1,040)	-	
BAKER STREET TWO WAY	7,550	(7,332)	218	500	(490)	10	-	-	-	-	-	-	-	-	-	-	-	-	500	(490)	10	-	-	-	8,050	(7,822)	228	
BERKELEY SQUARE NORTH	3,000	(3,000)	-	1,654	(1,654)	-	-	-	-	-	-	-	-	-	-	-	-	-	1,654	(1,654)	-	-	-	-	4,654	(4,654)	-	
BOND STREET	2,806	(1,784)	1,022	680	(560)	120	20	(510)	(490)	-	-	-	-	-	-	-	-	-	700	(1,070)	(370)	-	-	-	3,506	(2,854)	652	
BOND STREET WESTERN TICKET HALL	80	(80)	-	933	(933)	-	-	-	-	33	(33)	-	-	-	-	-	-	-	966	(966)	-	-	-	-	1,046	(1,046)	-	
CEREMONIAL STREETSCAPE	6,000	(6,000)	-	8,172	(8,172)	-	124	(124)	-	-	-	-	-	-	-	-	-	-	8,296	(8,296)	-	-	-	-	14,296	(14,296)	-	
COVENT GARDEN STREETSCAPE	350	(350)	-	1,650	(1,650)	-	750	(750)	-	-	-	-	-	-	-	-	-	-	2,400	(2,400)	-	-	-	-	2,750	(2,750)	-	
DUKE STREET PUBLIC REALM	311	(311)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	311	(311)	-	
EAST MAYFAIR PUBLIC REALM SCHEME	4,415	(4,146)	269	2,267	(2,267)	-	1,325	(1,325)	-	200	(200)	-	-	-	-	-	-	-	3,792	(3,792)	-	-	-	-	8,207	(7,938)	269	
GLASSHOUSE STREET	800	(800)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	800	(800)	-	
HANOVER SQUARE	2,963	(2,963)	-	5,000	(3,000)	2,000	5,000	(5,000)	-	869	(869)	-	-	-	-	-	-	-	10,869	(8,869)	2,000	-	-	-	13,832	(11,832)	2,000	
JERMYN STREET	2,000	(2,000)	-	2,074	(2,074)	-	100	(100)	-	-	-	-	-	-	-	-	-	-	2,174	(2,174)	-	-	-	-	4,174	(4,174)	-	
MARYLEBONE LANE PHASE 2	119	(119)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	119	(119)	-	
NEWPORT PLACE	1,396	(1,046)	350	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,396	(1,046)	350	
PARLIAMENTARY ESTATES DUCTING	300	(300)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	300	(300)	-	
PUBLIC REALM IMPROVEMENT SCHEMES	6,024	(6,024)	-	7,378	(7,378)	-	6,500	(6,000)	500	5,000	(5,000)	-	5,000	(5,000)	-	5,000	(5,000)	-	28,878	(28,378)	500	-	-	-	34,902	(34,402)	500	
QUEENSWAY STREETSCAPE	2,551	(2,300)	251	2,612	(500)	2,112	750	(750)	-	1,750	(1,750)	-	2,500	(2,500)	-	500	(500)	-	8,112	(6,000)	2,112	-	-	-	10,663	(8,300)	2,363	
ST JAMES'S PALACE FORECOURT	1,752	(1,752)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,752	(1,752)	-	
<b>ENVIRONMENT AND CITY MANAGEMENT/PLACE SHAPING AND PLANNING TOTAL</b>	<b>43,467</b>	<b>(41,357)</b>	<b>2,110</b>	<b>33,460</b>	<b>(29,218)</b>	<b>4,242</b>	<b>14,569</b>	<b>(14,559)</b>	<b>10</b>	<b>7,852</b>	<b>(7,852)</b>	<b>-</b>	<b>7,500</b>	<b>(7,500)</b>	<b>-</b>	<b>5,500</b>	<b>(5,500)</b>	<b>-</b>	<b>68,881</b>	<b>(64,629)</b>	<b>4,252</b>	-	-	-	<b>112,348</b>	<b>(105,986)</b>	<b>6,362</b>	
33 TACHBROOK STREET	62	-	62	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	62	-	62	
41 WHITCOMB/HUGUENOT HSE REDEV	156	-	156	1,549	-	1,549	6,000	-	6,000	33,108	-	33,108	24,053	-	24,053	1,027	-	1,027	65,737	-	65,737	-	-	-	65,893	-	65,893	
BEACHCROFT	14,609	(3,572)	11,037	15,364	-	15,364	964	-	964	-	-	-	-	-	-	-	-	-	16,328	-	16,328	-	-	-	30,937	(3,572)	27,365	
CAPITAL CONTINGENCY	-	-	-	39,592	-	39,592	16,488	-	16,488	19,401	-	19,401	19,892	-	19,892	17,160	-	17,160	112,533	-	112,533	130,760	-	130,760	243,293	-	243,293	
CAPITALISED SALARY COSTS	779	-	779	1,057	-	1,057	827	-	827	844	-	844	861	-	861	878	-	878	4,467	-	4,467	-	-	-	5,246	-	5,246	
CARLTON DENE	170	-	170	428	-	428	14,747	(16,370)	(1,623)	19,490	-	19,490	13,638	-	13,638	331	-	331	48,634	(16,370)	32,264	-	-	-	48,804	(16,370)	32,434	
CHURCH ST GOOD GROWTH FUND	-	-	-	150	-	150</																						

	18/19			19/20			20/21			21/22			22/23			23/24			5 Years (19/20 - 23/24)			Future Years (24/25 - 32/33)			Grand Total				
	Spend	External Funding	Net Total	Spend	External Funding	Net Total	Spend	External Funding	Net Total	Spend	External Funding	Net Total	Spend	External Funding	Net Total	Spend	External Funding	Net Total	Spend	External Funding	Net Total	Spend	External Funding	Net Total	Total Spend	Total External Funding	Total Net		
AFFORDABLE HOUSING FUNDING BUDGET	12,566	(12,566)	-	1,950	(1,950)	-	-	-	-	-	-	-	-	-	-	-	-	1,950	(1,950)	-	-	-	-	14,516	(14,516)	-			
CORPORATE SOFTWARE LICENCES	50	-	50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50	-	50			
DATA CENTRE REFRESH	100	-	100	100	-	100	-	-	-	-	-	-	-	-	-	-	-	400	-	400	500	-	500	900	-	900			
DATA NETWORK REFRESH	200	-	200	75	-	75	-	-	75	-	75	-	125	-	125	-	-	375	375	-	375	825	-	825	1,485	-	1,485		
END USER COMPUTING REFRESH	3,370	-	3,370	965	-	965	160	-	160	190	-	190	2,820	-	2,820	200	-	200	4,335	-	4,335	7,023	-	7,023	14,728	-	14,728		
HOUSING INVESTMENT IN DISCHARGE OF DUTY PHASE 2	15,000	-	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,000	-	15,000			
PARKING & INTEGRATED STREET MANAGEMENT IT	190	-	190	75	-	75	75	-	75	75	-	75	75	-	75	-	-	75	-	75	375	-	375	675	-	675	1,240	-	1,240
TEMPORARY ACCOMMODATION PURCHASES	3,763	-	3,763	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,763	-	3,763			
TEMPORARY ACCOMMODATION PURCHASES (IN BOROUGH BUY)	22,263	(22,263)	-	11,000	(5,000)	6,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,263	(27,263)	6,000			
<b>HOUSING AND CUSTOMER SERVICES TOTAL</b>	<b>57,502</b>	<b>(34,829)</b>	<b>22,673</b>	<b>14,165</b>	<b>(6,950)</b>	<b>7,215</b>	<b>310</b>	<b>-</b>	<b>310</b>	<b>390</b>	<b>-</b>	<b>390</b>	<b>3,070</b>	<b>-</b>	<b>3,070</b>	<b>1,050</b>	<b>-</b>	<b>1,050</b>	<b>18,985</b>	<b>(6,950)</b>	<b>12,035</b>	<b>10,083</b>	<b>-</b>	<b>10,083</b>	<b>86,570</b>	<b>(41,779)</b>	<b>44,791</b>		
CCTV CRIME AND DISORDER ESTATE	158	-	158	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	158	-	158			
DISABLED FACILITIES GRANT PROGRAMME	1,297	(1,297)	-	1,412	(1,412)	-	1,412	(1,412)	-	1,412	(1,412)	-	1,412	(1,412)	-	1,412	(1,412)	-	7,060	(7,060)	-	-	-	8,357	(8,357)	-			
SAFE AND SECURE RENOVATION	200	-	200	200	-	200	200	-	200	200	-	200	200	-	200	200	-	200	1,000	-	1,000	-	-	1,200	-	1,200			
<b>PUBLIC PROTECTION AND LICENSING TOTAL</b>	<b>1,655</b>	<b>(1,297)</b>	<b>358</b>	<b>1,612</b>	<b>(1,412)</b>	<b>200</b>	<b>1,612</b>	<b>(1,412)</b>	<b>200</b>	<b>1,612</b>	<b>(1,412)</b>	<b>200</b>	<b>1,612</b>	<b>(1,412)</b>	<b>200</b>	<b>1,612</b>	<b>(1,412)</b>	<b>200</b>	<b>8,060</b>	<b>(7,060)</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>9,715</b>	<b>(8,357)</b>	<b>1,358</b>			
BERNARD LODGE AND FLOREY	91	(91)	-	91	(91)	-	-	-	-	-	-	-	-	-	-	-	-	-	91	(91)	-	-	-	182	(182)	-			
CUSTOMER SELF SERVICE DIGITAL ENHANCEMENT	-	-	-	100	(100)	-	-	-	-	-	-	-	-	-	-	-	-	-	100	(100)	-	-	-	100	(100)	-			
FRAMEWORKING UPGRADE TO MOSAIC	100	(100)	-	250	(250)	-	200	(200)	-	200	(200)	-	-	-	-	-	-	-	650	(650)	-	-	-	750	(750)	-			
HEALTH INTEGRATION	-	-	-	200	(200)	-	-	-	-	-	-	-	-	-	-	-	-	-	200	(200)	-	-	-	200	(200)	-			
LUPUS STREET	-	-	-	327	(327)	-	-	-	-	-	-	-	-	-	-	-	-	-	327	(327)	-	-	-	327	(327)	-			
MOBILE WORKING	100	(100)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100	(100)	-	-	-	100	(100)	-			
PEOPLE FIRST WEBSITE	-	-	-	100	(100)	-	-	-	-	-	-	-	-	-	-	-	-	-	100	(100)	-	-	-	100	(100)	-			
REMODELLING OF EARLY HELP/CHILDREN'S SERVICES INVESTMENT	622	-	622	250	-	250	250	-	250	250	-	250	250	-	250	-	-	-	1,000	-	1,000	-	-	1,622	-	1,622			
<b>FAMILY SERVICES AND PUBLIC HEALTH TOTAL</b>	<b>913</b>	<b>(291)</b>	<b>622</b>	<b>1,318</b>	<b>(1,068)</b>	<b>250</b>	<b>450</b>	<b>(200)</b>	<b>250</b>	<b>450</b>	<b>(200)</b>	<b>250</b>	<b>450</b>	<b>(200)</b>	<b>250</b>	<b>-</b>	<b>-</b>	<b>2,468</b>	<b>(1,468)</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,381</b>	<b>(1,759)</b>	<b>1,622</b>			
BUSINESS PROCESSING AND TECHNOLOGY CONTRACT - PARKING	-	-	-	500	-	500	1,000	-	1,000	1,000	-	1,000	-	-	-	-	-	-	1,500	-	1,500	-	-	-	1,500	-	1,500		
CHINATOWN	-	-	-	200	-	200	2,349	(949)	1,400	2,000	(2,000)	-	-	-	-	-	-	-	4,549	(2,949)	1,600	-	-	4,549	(2,949)	1,600			
CHRISTCHURCH GARDENS	-	-	-	250	(250)	-	-	-	-	-	-	-	-	-	-	-	-	-	250	(250)	-	-	-	250	(250)	-			
GOLDEN SQUARE	-	-	-	100	-	100	400	-	400	6,000	(100)	5,900	4,000	(100)	3,900	-	-	-	10,500	(200)	10,300	-	-	10,500	(200)	10,300			
HALLFIELD HEATING & DISTRIBUTION	790	(790)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	790	(790)	-			
HALLFIELD SITE IMPROVEMENTS	-	-	-	459	(459)	-	459	(459)	-	-	-	-	-	-	-	-	-	-	918	(918)	-	-	-	918	(918)	-			
HEALTH AND WELLBEING PROJECTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	300	-	300	300	-	300			
INVESTMENT PORTFOLIO ASSET MANAGEMENT	-	-	-	400	-	400	200	-	200	150	-	150	100	-	100	100	-	100	950	-	950	-	-	950	-	950			
ISOLATED PITCHES ELECTRICS	-	-	-	500	-	500	500	-	500	-	-	-	-	-	-	-	-	-	1,000	-	1,000	-	-	1,000	-	1,000			
KING SOLOMON SCHOOL EXPANSION	2,112	(2,112)	-	2,815	(2,815)	-	1,173	(1,173)	-	-	-	-	-	-	-	-	-	-	3,988	(3,988)	-	-	-	6,100	(6,100)	-			
LEISURE FACILITIES CAPITAL INVESTMENT PROGRAMME	900	(115)	785	720	(15)	705	760	(20)	740	600	-	600	600	-	600	450	-	450	3,130	(35)	3,095	500	-	500	4,530	(150)	4,380		
LIBRARIES 6 YEAR REDECORATION PROGRAMME	1,206	-	1,206	580	-	580	400	-	400	400	-	400	400	-	400	400	-	400	2,180	-	2,180	400	-	400	3,786	-	3,786		
LIBRARIES IT/SMART OPEN	-	-	-	200	-	200	200	-	200	200	-	200	200	-	200	-	-	-	400	-	400	-	-	400	-	400			
MARKETS ELECTRICS	-	-	-	600	-	600	-	-	-	-	-	-	-	-	-	-	-	-	600	-	600	-	-	600	-	600			
MARYLEBONE FLYOVER	-	-	-	102	(53)	49	313	-	313	250	-	250	500	-	500	400	-	400	1,565	(53)	1,512	-	-	1,565	(53)	1,512			
MARYLEBONE LOW EMISSION NEIGHBOURHOOD (LEN)	-	-	-	500	(500)	-	-	-	-	-	-	-	-	-	-	-	-	-	500	(500)	-	-	-	500	(500)	-			
MULTI USE GAMES AREAS AND OUTDOOR FITNESS FACILITIES	119	-	119	237	(170)	67	35	-	35	-	-	-	-	-	-	-	-	-	272	(170)	102	-	-	391	(170)	221			
NEW HOME BONUS PLACES OF WORK	400	(400)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	400	(400)	-			
OPEN SPACES STRATEGY AND PARKS CAPITAL WORKS	-	-	-	25	-	25	400	-	400	-	-	-	-	-	-	-	-	-	425	-	425	-	-	425	-	425			
OXFORD STREET DISTRICT	-	-	-	50,000	-	50,000	50,000	-	50,000	50,000	-	50,000	50,000	-	50,000	-	-	-	150,000	-	150,000	-	-	150,000	-	150,000			
PADDINGTON RECREATION GROUND CAPITAL IMPROVEMENTS	159	-	159	1,100	(1,060)	40	30	-	30	240	-	240	240	(100)	140	40	-	40	1,650	(1,160)	490	-	-	1,809	(1,160)	649			
PADDINGTON RECREATION GROUND SYNTHETIC PITCH REPLACEMENT	400	-	400	50	-	50	50	-	50	-	-	-	-	-	-	-	-	-	100	-	100	-	-	500	-	500			
PARKS AND GARDENS LIGHTING	-	-	-	250	-	250	-	-	-	-	-	-	-	-	-	-	-	-	250	-	250	-	-	250	-	250			
PIMLICO ACADEMY	-	-	-	-	-	-	7,300	(7,300)	-	-	-	-	-	-	-	-	-	-	7,300	(7,300)	-	-	-	7,300	(7,300)	-			
PORCHESTER SPA - MAIN POOL CAPITAL WORKS	-	-	-	-	-	-	-	-	-	-	-	-	500	(150)	350	500	(150)	350	1,000	(300)	700	-	-	1,000	(300)	700			
PORTMAN - BOILER AND DISTRIBUTION	-	-	-	2,951	(1,604)	1,347	-	-	-	-	-	-	-	-	-	-	-	-	2,951	(1,604)	1,347	-	-	2,951	(1,604)	1,347			
RIDING HOUSE STREET	-	-	-	412	(412)	-	-	-	-	-	-	-	-	-	-	-	-	-	412	(412)	-	-	-	412	(412)	-			
SCHOOL SPORTS FACILITIES	-	-	-	50	-	50	50	-	50	-	-	-	-	-	-	-	-	-	100	-	100	-	-	100	-	100			
SCHOOLS MINOR WORKS PROJECTS	252	(252)	-	209	(209)	-	348	(348)	-	335	(335)	-	80	(80)	-	-	-	-	972	(972)	-	-	-	1,224	(1,224)	-			
SEYMOUR LEISURE CENTRE POOL CAPITAL WORKS	-	-	-	275	(75)	200	-	-	-	-	-	-	-	-	-	-	-	-	275	(75)	200	-	-	275	(75)	200			
ST GEORGE'S DRIVE / WARWICK WAY JUNCTION	-	-	-																										



## City of Westminster

<b>Meeting or Decision Maker:</b>	Cabinet
<b>Date:</b>	15 <sup>th</sup> October 2018
<b>Classification:</b>	General Release
<b>Title:</b>	Housing Investment Strategy and Housing Revenue Account Business Plan 2019/20
<b>Wards Affected:</b>	All
<b>City for All:</b>	<p>This report addresses the investment in the Council's current housing stock and the investment in new housing, non-residential buildings and public realm in regeneration areas and as such has a major impact upon all three aspects of Choice, Heritage and Aspiration in the City for All policy.</p>
<b>Financial Summary:</b>	<p>This report presents a 30 year Business Plan for the HRA and investment related activity. The capital investment budget and its funding are presented in detail for the five years 2019/20 to 2023/24 and in summary for the 30 year period. The plan sets out gross capital expenditure of £662.1m over the next five years and nearly £1,717.2bn over 30 years.</p> <p>The Business Plan demonstrates that the investment proposals are fundable, subject to the assumptions within the plan, and that the HRA remains sustainable and viable over the 30 year period. The investment has been maximised within the current borrowing headroom, reaching the limit in 2020/21. It should be noted that the recent government announcements on removing the borrowing cap were not received in time for this iteration of the business plan. The ambition shown within this plan is therefore predicated on the Council's current borrowing cap remaining in place.</p>

The funding of the programme over the next five years is highly dependent upon the timing and value of asset disposals (£308.0m) that underpin the regeneration programme, along with substantial contributions from the Affordable Housing Fund (£127.7m).

**Report of:** Barbara Brownlee, Executive Director of Growth, Planning and Housing and Steven Mair, City Treasurer

## 1. Executive Summary

- 1.1 This report presents the Housing Investment Strategy and thirty-year Housing Revenue Account (HRA) Business Plan. The City Council's investment plans are ambitious and will deliver a range of lasting benefits for the City, its residents and the City Council. They will allow the City Council to realise much of its 'City for All' ambitions of aspiration and choice; delivering new homes and leveraging the value of our land assets to bring forward investment in some of Westminster's poorer neighbourhoods.
- 1.2 Since last year the 30 year plan for capital investment in the Council's existing stock and regeneration schemes has decreased from approximately £1.88bn over thirty years to approximately £1.72bn. This decrease of c. £160m is significantly driven by decreases in budgets of potential projects in the pipeline of £133m (whilst it should be noted that expenditure in excess of this is now planned to be undertaken via the Council's housing subsidiary company). In addition, across the 30 year plan, Self-financing<sup>1</sup> schemes have decreased by £15m, the Major Works budget adjusts by £17m (as 2018/19, which reflects a spike in expenditure, drops out of the plan period) and District Heating Network has decreased by £17m. Regeneration expenditure has increased by £34m over 30 years, which reflects an increase of £66m on Ebury Bridge, offset by reductions in the other schemes totalling £32m.
- 1.3 This capital programme reflects the available financing capacity of the HRA over the first 10 years of the plan. Re-profiling of capital receipts and reductions in external grant funding in the early years of the plan have necessitated an increase in borrowing up to the assumed cap at an earlier point in the plan, which in turn would restrict future years' spending capacity, subject to the enactment of the abolition of the borrowing cap.
- 1.4 Key elements of the HRA investment programmes included are:
- Continued investment in existing housing stock (£902.0m);

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<sup>1</sup> Self-financing schemes relate to the acquisition of homes for the HRA funded through the disposal proceeds of homes which have been sold.

- Investment in the housing estate regeneration programme and other new supply schemes (£551.7m)
- Affordable Housing Fund (AHF) expenditure on new HRA supply over the 5 year period 2019/20 to 2023/24 (£127.7m) and £263.5m over 30 years.

- 1.5 Despite the uncertainties and pressure on resources the Council remains committed to improving or renewing as appropriate our older stock and increasing housing supply. The Leader has made a commitment to deliver at least 1,850 affordable homes in Westminster by 2023 and we are on track to exceed this target. Across the 5 year period from 2019/20 to 2023/24, it is anticipated that 2,335 new affordable homes will be delivered. Further analysis of this can be found in sections 4.5, 4.6 and Table 1 in this report.
- 1.6 The Council's HRA supply plans are dependent on significant levels of both capital receipts and receipts into the AHF continuing into the future. The impact of changes to either of these, as seen this year, will mean the Council needing to look at other mitigations such as scaling back activity or using an alternative to the HRA. The housing subsidiary company, which was set up this year will also enable some of these impacts to be mitigated.
- 1.7 To mitigate the risks to the HRA (discussed in Section 12), the Council is alive to opportunities that can increase its resilience. Discussions were taking place with a view to securing an increase in the borrowing cap that would enable the housing programme to be extended further than allowed for in the current plan. This is discussed in Section 13 of this report. Clearly, in light of the announcement made on 3<sup>rd</sup> October that the government would be scrapping the cap this will need to be reassessed. However, details of how and when this is implemented have yet to be released and will need to be carefully assessed. Other opportunities to secure affordable loans or grant aid are explored as and when they arise. No funding is accepted that imposes conditions on the Council that impedes the timely delivery of its programmes.

## **2. Recommendations**

- 2.1 To note the indicative HRA capital programme budgets for 2019/20 to 2023/24 (Appendix B).
- 2.2 To note the indicative HRA revenue budget for 2019/20 (Section 11 and Appendix C).

## **3. Reasons for decision**

- 3.1 The plans outlined in this report will enable the Council to invest in maintaining and improving the existing stock of homes and neighbourhoods within its

management, while also delivering wider benefits to the City's residents and businesses. The financial plan will ensure the housing stock continues to meet the housing needs with which the city is faced; and ensure the HRA remains sustainable and viable over the long term. This plan has been developed within existing borrowing limits.

3.2 The budgets are due for noting at this point before formal Council approval in March 2019. Further review will be undertaken during the intervening period to model the impact of any changes to capital or revenue programmes. This will ensure the approved HRA programme will be as robust as possible at that point in time. The following will be reviewed in advance of budgets being formally presented for approval:

- Details of the Government announcement on the removal of the borrowing cap and any other associated measures that may be brought in.
- Ebury Bridge delivery assumptions will be refined which may change the impact on the HRA. A paper is anticipated to go to Cabinet in the autumn and any resulting changes to the delivery model fed into the business plan.
- Whilst the plan is affordable within existing limits, there is little or no headroom over the first 10 years of the plan. Therefore further work would be undertaken to try to increase the headroom to build in additional mitigation against risk. Subject to the detail of the recent government announcement however, this may no longer be necessary.
- Subject to the detail on the announcement, it may be possible to revisit scheme phasings as well as how much can be undertaken within the business plan.

#### **4. Background**

4.1 The Council's *Housing Investment Strategy*, approved by Cabinet in 2012, centres on delivering three key programmes:

- Investment to maintain and improve existing council-owned homes;
- Delivery of new affordable homes; and
- Implementation of the initial phases of the housing regeneration programme.

4.2 Each year, the Council reviews, updates and approves its 30 year business plan in line with best practice. This report summarises the latest 30-year HRA Business Plan, and sets out for Cabinet the updated and re-profiled capital expenditure proposals. The update also outlines how the Council plans to utilise resources from the Affordable Housing Fund (AHF) to deliver new affordable housing supply initiatives.

### New affordable housing supply schemes

- 4.3 Historically, the majority of new affordable homes delivered in the City has been by private developers as part of their s106 planning obligations, or through direct delivery by Registered Providers. The Council has also supplemented the delivery of affordable homes through open market purchases of individual homes.
- 4.4 However, the HRA will continue to play an important role in delivering new affordable housing. The target of 1,850 new affordable homes by 2023 is on track, with 2,163 forecast to be delivered, as set out in Table 1. For the five year projection between 2019/20 and 2023/24 it is anticipated that 2,335 new affordable homes will be delivered. **467** of these homes are currently under construction, with the remaining homes due to start and complete by March 2024.
- 4.5 Of this pipeline of 2,335, the HRA is anticipated to deliver 1,364 affordable units.
- 233 of the HRA affordable homes will be delivered on ‘infill’ sites.
  - 177 homes on ‘section 106’ sites.
  - 582 of the HRA units are to be delivered on Housing Regeneration sites
  - a further 372 homes on other pipeline sites in the HRA.
- 4.6 These HRA programmes will be delivered from a combination of HRA funding and the Affordable Housing Fund (AHF). In addition, a further 316 affordable homes will be delivered on General Fund sites, of which 272 homes are partially funded by the AHF. The remaining 655 affordable homes are anticipated to be delivered by RP partners mainly from ‘section 106’ opportunities in the City and through spot purchases of existing housing then converted to affordable housing use. This RP supply will be delivered using a combination of direct investment from RPs and the AHF. Table 1 below provides further details of this supply, including affordable supply delivered in 2017/18 and the anticipated position at the end of 2018/19.

Table 1 – New Affordable homes

Forecast Year	Number of units to complete/completed	Tenure				Funding route		
		Social	Intermediate	Specialist	Spots (Social and TA)	HRA	General Fund	Section 106 or funded directly by RP
2017-18 Delivered	151	33	67	0	51	27	29	95
2018-19	180	56	93	3	28	28	24	128
2019-20	536	178	333	0	25	169	211	156

2020-21	379	86	84	184	25	167	14	198	
2021-22	349	154	128	42	25	254	0	95	
2022-23	568	469	74	0	25	470	47	51	
2023-24	503	122	280	76	25	304	44	155	
	<b>2,666</b>	<b>1,098</b>	<b>1,059</b>	<b>305</b>	<b>204</b>	<b>1,419</b>	<b>369</b>	<b>878</b>	
		<b>Total by Tenure:</b>				<b>2,666</b>	<b>Total by funding route:</b>		<b>2,666</b>
19-20 to 23-24 only	<b>2,335</b>	<b>1,009</b>	<b>899</b>	<b>302</b>	<b>125</b>	<b>1,364</b>	<b>316</b>	<b>655</b>	

Note- 'Spots' means spot acquisitions. 'TA' means temporary accommodation

## 5. Government policy announcements and recent legislative changes

5.1 This section provides a summary of the legislative changes and government policy announcements in recent years and the implications for the Council's housing investment plans.

### Abolition of the borrowing cap

5.2 The above announcement was made public on 3<sup>rd</sup> October 2018, too late to be able to reflect the implications of this fully in this business plan. Details are yet to be released and reviewed to understand the full impact of this announcement as there may be new conditions brought in relating to additional borrowing that also need to be considered. On the face of it however it means that the short-term funding pressure faced over the next 5-10 years is removed and the Council will be able to bring more schemes forward. This will be considered in the next iteration of the business plan alongside the potential revenue implications of any additional borrowing which will come back to Council for approval in March 2019.

### Universal Credit roll out

5.3 Universal Credit (UC) has now been introduced in Westminster for some new customers and the full roll out will occur between **July 2019 - March 2023**.

5.4 Some of the key features of UC have the potential to negatively impact the HRA, at least in the short term. It is a major change for the Council and the c70% of tenants that receive housing benefit (although not all will receive UC). These features include:

- Applications are made on-line – which might impact on vulnerable households not digitally skilled
- Payments are made direct to the customer and are made monthly in arrears, to imitate a salary – this is a major cultural change for council tenants that have always had housing benefit paid directly to the council (although there are Alternative Payment Arrangements “APA’s” in some circumstances)

UC does however make it easier for people to move into work.

5.5 In November 2017 government announced a package of reforms to UC which will help to mitigate these impacts – these include:

- Those that need it can access up to a month of UC in 5 days, via an interest free advance
- The 7 days waiting time has now been removed
- Social landlords who are given “trusted partner status” have access to the “Landlord Portal” to enable them to provide evidence of rent and make applications for APAs. CityWest now has this “trusted partner status” so can make APA requests for vulnerable customers
- Those moving from housing benefit to UC will continue to receive housing benefit for the first 2 weeks for their UC claim. In effect, this means state support for rent is provided twice for this 2-week period.

5.6 Work is underway by the council and CityWest Homes to prepare for the rollout which will happen by job centre and the impacts will be closely monitored.

#### Arrangements for Funding Supported Housing announcement August 2018

5.7 In August 2018 government published their response to consultations on supported housing funding. A new Sheltered Rent had been proposed for new supply, which would continue to be eligible for housing benefit or the housing element of Universal Credit, but would be capped.

5.8 Government is not now going ahead with this model so should new community supportive housing be developed within the HRA there is certainty that residents will be eligible for full housing benefit/the housing element of Universal Credit.

#### City for All 2018/19

5.9 In July 2018, the council launched its new CityforAll programme for 2018/19. There is continued emphasis on developing more affordable housing. Development within the HRA is a key contributor to the target to develop 1,850 new council and affordable homes by 2023. CityforAll also highlighted that there are potential sites for a further 2,000 homes although the funding to deliver these has not yet been identified.

## National Planning Policy Framework (NPPF) July 2018

5.10 The new NPPF was published in July 2018. Key elements are:

- The definition of affordable housing has been changed. It still includes social and affordable rent and rents at least 20% below local market rents, and it now also includes:
  - Starter homes
  - Discounted market sales housing (homes sold at a discount of at least 20% below local market value) and
  - Other affordable routes to home ownership (including shared ownership, relevant equity loans, other low cost homes for sale, rent to buy)

5.11 A new standard method for assessing housing need has been introduced and local authorities will be required to strongly justify a departure from it.

5.12 For major housing developments, 10% of the affordable housing requirement should be for affordable home ownership unless this would significantly prejudice the ability to meet the identified affordable housing needs of specific groups. This also does not apply to the following types of development: build to rent, exclusively affordable developments, self-build projects or specialist accommodation e.g. older people.

## **6. Housing Regeneration**

6.1 The HRA development programme will see £473.2m of capital expenditure committed over the next five years (2019/20 – 2023/24) on the development of new build housing, regeneration of existing estates and acquisition of affordable homes across Westminster. Within this total funding envelope, the Affordable Housing Fund (AHF) will invest £127.7m to support the delivery of the HRA development programme in addition to other funding sources, including external grant, capital receipts (derived from development agreements, open market sales, and disposals), and capital loans. Table 2 below sets out the detail of each scheme.

Table 2 - Regeneration schemes

Description	5yr Plan	30yr Plan	Previous 30 yr plan
	£m	£m	£m
Cosway Street	27.8	27.8	32.3
Lisson Arches	24.1	24.1	29.4
Luton Street	12.1	12.1	14.5
Parsons North	22.1	22.1	27.8
Ashbridge	9.1	9.1	13.8
Church Street Phase Two	119.4	307.4	309.9
Tollgate Gardens	9.7	9.7	17.3
Ebury	57.0	139.4	159.2
<b>Total Regeneration</b>	<b>281.2</b>	<b>551.7</b>	<b>604.2</b>
<i>Other Schemes</i>			
District Heating Network Scheme	-	-	17.7
Edgware Rd	6.9	6.9	8.9
Pipeline Schemes	127.5	131.2	177.8
Self Financing	50.0	110.0	124.8
Kemp House/Berwick Street	-	-	0.8
Ashmill Street	0.7	0.7	1.0
Central Contingency	6.9	14.8	24.4
<b>Total Other Schemes</b>	<b>192.0</b>	<b>263.5</b>	<b>355.4</b>
<b>Total</b>	<b>473.2</b>	<b>815.2</b>	<b>959.6</b>

6.2 The following schemes are illustrative of those that will progress over the next 5 years.

### 6.3 Cosway Street

The development comprises the provision of 49 new residential units offered to the market as private sale. The surplus generated from the open market sales will be wholly used to subsidise other projects in the wider HRA Church Street regeneration portfolio including Ashbridge Street and Ashmill Street.

Planning consent has been granted for Cosway Street and is linked to Ashbridge Street and Ashmill Street via a dual-planning submission in order to meet planning policy compliance. An OBC was approved at CRG to progress a self-delivery solution with contractor procurement underway. Start on site is expected to commence in January 2019.



#### 6.4 **Lisson Arches**

Lisson Arches is sited adjacent to disused railway arches within the Church Street ward. This development will provide 44 sheltered accommodation flats, 1 scheme manager's flat, and 14 private sale flats for adults aged 55 and over. The scheme is based on a two-stage tender process, with continuing negotiations taking place with the preferred main contractor (United Living). The on-going enabling works are being undertaken by FM Conway. The latter consists of several major service diversions that pose numerous logistical and technical difficulties that are having an impact upon the delivery programme.

The 45 social housing units provide replacement stock for the 45 units earmarked for demolition in Penn House, a nearby sheltered accommodation block.



## 6.5 Luton Street

The development comprises 171 new residential units comprising of 62 affordable units and 109 private sector units. The development will also provide a three-court sports hall and public realm benefits.

The developer, LinkCity, was selected by tender process via the Councils Development Framework Panel in April 2014 as the preferred delivery partner.

The commercial negotiations were concluded in July 2017 with planning consent granted in February 2018. Both parties are currently working towards agreeing an unconditional development agreement and a start on site date of January 2019.

Under the structure of the Development Agreement, the Council will receive a receipt for the land from the developer in addition to other benefits, including a public realm improvement fund, a contribution to off-site works improvements to surrounding blocks and a WCC management fee.



## 6.6 Parsons North

The development comprises 60 new residential units comprised of 19 affordable units and 41 private sector units. It is intended that the surplus generated from the development will be used to fund enhanced landscaping and biodiversity upgrade works in the immediate vicinity.

Parsons North is being delivered under a self-delivery strategy, with a contractor (Osbourne) procured and appointed. Start on site is expected to commence November 2018.



## 6.7 Ashbridge Street

Ashbridge Street is the site of a former BT station that was acquired using AHF funding in 2014/15. An existing BT service core within the site is required to be retained and made accessible within the development.

The current proposal is for the development of 26 affordable homes to provide decant facility for the wider Church Street regeneration. In addition, wider public realm improvements to the immediate surrounding area will benefit the Council-owned properties located within Alpha House and Earl House.

Planning consent has been granted for Ashbridge Street and is linked to Cosway Street and Ashmill Street via a dual-planning submission in order to meet planning policy compliance. An OBC was approved at CRG to progress a self-delivery solution with contractor procurement underway. Start on site is expected to commence in January 2019.



## 6.8 Church Street Phase 2

Arcadis have recently been appointed to lead a multi-disciplinary team to develop a business case for the future development that will be presented to Cabinet in the summer of 2019.

An intensive period of engagement with residents is about to begin that will assess a number of development options, leading to the decision of a 'preferred option' in early 2019. This will inform the design that will be taken forward to a detailed business case as well as reviewing suitable delivery options that can be taken to the market.

## 6.9 Tollgate Gardens

Tollgate Gardens is a developer led (Clarion Group) regeneration in the Maida Vale ward. The regeneration includes the demolition of 5 blocks previously comprising of 59 tenanted units and 30 private units. The scheme is being delivered by Clarion Group and will deliver 195 new residential units comprising of 86 affordable units, which the Council will purchase from the developer, and 109 private units. The existing Tollgate House tower block will be retained and improved. The project has commenced on site. This project is due to deliver a surplus to the HRA through the consideration paid for the long-lease on the land. The new units will be completed in May 2019.



### 6.10 Infill programme

The Infill programme identifies development opportunities within the existing estate that can be brought forward for new housing. These include conversion of disused space such as basements, drying rooms and storage sheds and new build opportunities on underutilised garage sites, car parks and vacant land adjacent to estates.

The programme will deliver 11 new homes by 2018/19 with a further 15 new homes starting on site in the year. A further 70 new homes are at planning stage and, subject to consent, will start on site in 19/20.



## 7. HRA investment programme – expenditure on existing homes

7.1 The 2019/20 HRA Business Plan includes capital investment of £902.0m over 30 years, with revenue expenditure of £512.6m. The detail of this is shown in Table 3 below;

Table 3: Expenditure on existing housing stock over 30 years to 2048/49

Description	5yr Plan	30yr Plan	Previous 30 yr plan
<i>Capital expenditure</i>	£m	£m	£m
Electrical Works & Laterals	33.6	294.3	286.4
External Repairs & Decorations	90.4	359.9	387.7
Fire Precautions	36.3	70.8	61.4
Kitchen & Bathroom	3.6	27.1	26.8
Lifts	7.5	45.0	49.1
Major Voids, aids and adaptations	17.5	105.0	107.2
<b>Total Capital Works</b>	<b>188.9</b>	<b>902.0</b>	<b>918.6</b>
<i>Revenue expenditure</i>			
Repairs & Maintenance	85.4	512.6	531.1
<b>Total Investment</b>	<b>274.4</b>	<b>1,414.6</b>	<b>1,449.7</b>

7.3 Total expenditure on major works programmes (including fire-related spend e.g. sprinklers, fire-stopping etc.) in the first five years of the programme amounts to c.£188.9m (capital). The total revenue expenditure assumed for reactive repairs is £85.4m over the next 5 years. As can be seen from the Table in Appendix B, the level of spend incurred in 2017/18 on major works is set to increase substantially in the current and following 5 years of the plan. This will include fire related works necessitated in light of the Grenfell fire as well as an uplift in spend on external repairs and decorations.

### **Asset management**

7.4 To supplement allocated funding for new supply, CityWest Homes has instituted an active asset management approach, whereby non-performing assets (for example those where the net present value of the income is less than the net present value of costs) are subjected to an options appraisal. Stock deemed not to meet on-going needs is disposed of and the proceeds ring-fenced for investment in new homes that better meet the needs of residents.

7.5 To date, as part of this programme, the Council has disposed of 98 non-performing HRA void properties (mostly studios and 1-bedroom units) on the open market, with a further 8 agreed for disposal. Disposals have so far raised £45.6m since 2013/14, with a further £3.4m anticipated from already agreed

disposals. Proceeds have so far been utilised to acquire 59 replacement family-sized homes at a cost of £30.4m.

## **8. HRA Revenue Budget**

- 8.1 The HRA Business Plan is also impacted by changes to the revenue budget over the 30 year period. Increases in revenue expenditure can reduce the capital funding capacity of the HRA and conversely efficiency savings help towards delivering greater levels of investment in social housing.
- 8.2 The Council, through CWH, are committed to delivering ongoing revenue savings of £2.05m of revenue savings between 2019/20 and 20/21. These have been built into the HRA revenue budget, with £0.95m in 19/20. No impact has been assumed from the current service review into CWH.
- 8.3 As the Council's regeneration programme progresses there has been a requirement to increase the revenue provision set aside for these programmes by £0.5m per annum. Even large scale capital schemes will have associated revenue costs so it is important to ensure there are sufficient budgets in place to account for them.
- 8.4 2019/20 is year four of the Government mandated 1% annual rent reduction. This will see the HRA dwelling rental income reduce by c£740k from last year. The income budget has been adjusted to reflect this reduction.
- 8.5 With the above items included, the forecast retained surplus on the HRA revenue account in 2019/20 is £6.420m before transfers to reserves or revenue contribution to funding the capital programme.

## **9. Capital Programme Funding**

### Affordable Housing Fund

- 9.1 Payments received from developers on planning schemes in lieu of affordable housing obligations are held in the Council's AHF. These funds are then used by the Council to invest in the delivery of affordable housing elsewhere in the City, either through Council-led developments, such as estate regeneration, or alternately in schemes delivered by housing associations.
- 9.2 The balance held in the AHF as at 1<sup>st</sup> April 2018 totalled £288m. All of this balance is formally committed or informally planned to be used by schemes in the pipeline to deliver more affordable housing. Future payments into the AHF will be dependent upon new planning applications being submitted and approved and where payments in lieu of on-site affordable housing are agreed instead of on site affordable housing. The Leader's commitment towards the more vigorous enforcement of planning policy compliant applications,

including the requirement for on-site affordable housing, may impact upon the level of AHF receipts.

- 9.3 Of the current AHF balances of £288m, £75.6m of these funds are presently formally approved for use against on-going affordable housing projects. These AHF commitments are made up of £12.5m against HRA schemes, £57.6m against schemes in the General Fund and £5.5m against registered providers schemes. A further £341m of calls on the AHF have been identified for future schemes, meaning that despite an apparently healthy balance there is a need to replenish the fund on an ongoing basis in order to meet the future demand from these schemes.
- 9.4 Going forward to 2029/30, total funding of £417m (being the £76m approved and £341m further identified above) will be required from the AHF by schemes in the HRA, General Fund and from the HA sector. This includes new schemes where funding from the AHF has yet to be approved by the Cabinet Member for Housing and also schemes with existing funding approvals requiring further top-up funding from the AHF.
- 9.5 Allowing for existing balances held in the Council's Affordable Housing Fund, further minimum payments of circa £129m will be required from developers linked to new planning schemes up to 2025/26, in order to meet the total current AHF funding requirement of £417m. Uncertainty in the development market could impact these receipts so will need to be monitored closely.

#### Capital Receipts

- 9.7 The HRA can receive capital receipts for transfers of land or property which are then used to finance the capital programme. These receipts represent a significant proportion of the projected capital financing. As such any variance in their value or timing will impact on the HRA's ability to finance capital spend and remain within its borrowing limit.
- 9.8 Capital receipts, including Right to Buy sales, used to fund the capital programme over 30 years have decreased from £509m in last year's plan to, £467m in the latest plan.

#### Grant funding

- 9.9 In the previous plan there was £23.5m forecast to be received in grant funding as part of the Church Street Phase 2 scheme. During the year, uncertainty over this funding led to it being removed from the business plan pending clarification, creating a pressure on the HRA. This shortfall has been funded through other changes within the programme such as delivering schemes through the recently created housing subsidiary companies and re-profiling expenditure on other schemes.

### Housing subsidiary companies (previously known as the 'WOC')

- 9.10 This HRA Business Plan shows new HRA pipeline schemes face limited potential for delivery as the HRA's borrowing capacity reaches its assumed cap. The Council has therefore looked at the use of other delivery vehicles, particularly for tenures other than social rent. On 4<sup>th</sup> December 2017, Cabinet approved the establishment of two housing subsidiary companies (one for letting properties and one for development activity) to help deliver the regeneration, and new build and acquisition opportunities being identified by the Council's drive to provide more homes of all types and tenures as part of the Better City, Better Lives ambitions.
- 9.11 Following Cabinet approval, work commenced on formation and two companies were incorporated in June 2018. Westminster Housing Investments Limited (WHIL) is the parent company which will hold housing for rent and Westminster Housing Development Limited (WHDL) is WHIL's subsidiary development company. WHIL has now produced its Business Plan for approval by the Council as sole shareholder. Subject to approval as part of the capital budget cycle, this will allow the company, utilising funding from the General Fund initially, to act as a flexible partner to the HRA in delivering future developments. The housing companies will focus particularly on the development of intermediate, market and sub-market housing. They are looking to develop new intermediate and sub-market tenures, with the Council, which can extend the opportunities for those living and/or working in Westminster to have an affordable home.
- 9.12 A number of exemplar schemes have been modelled this year for delivery in partnership with the housing companies in order for the HRA to remain within the assumed borrowing cap.
- 9.13 The next two years of acquisitions within the Church Street programme are anticipated to be funded through the housing companies, with the HRA then buying these back when required. This helps to reduce the upfront cost and associated pressure on the HRA's assumed financing limits.
- 9.14 On a number of schemes within the regeneration programme there are intermediate units that will be delivered as part of the final scheme. Holding these within the HRA is not appropriate for these tenancies, so these have been modelled as sold to an external partner which could be the housing companies or a registered provider. This helps to generate additional receipts for the HRA which can be used to fund the Capital programme.

## **10. Financial Implications**

- 10.1 The HRA Business Plan is assessed across a 30-year period so as to understand the long term financial implications of changes in the capital

programme, legislative change and other strategic decisions. It has been updated to reflect the latest balance sheet position as reported and audited at the year-end just gone (31 March 2018), so as to begin with an accurate opening position for the plan, and the current year (2018/19) budget as approved. It is then constructed so as to include the impact of known Government policies, capital plans, funding arrangements and risk factors.

- 10.2 Chart 2 in section 11.2 shows that, the capital programme as set out in **Appendix B** is affordable and sustainable across the 30 years of the plan. This does depend on the schemes being delivered on time and within budget. Any increases in expenditure or reductions in income will need to be managed by the service areas and either contained within the project or funded from elsewhere within the relevant service. The assumed borrowing limit of £333.5m which has up to now been imposed on the Council is not exceeded during the course of the plan and reserves of circa £11m are maintained throughout. However, the assumed borrowing limit is reached in 2020/21 and borrowing only drops to below £300m in 2029/30, which presents a risk should the assumptions not materialise as projected. Section 12 below sets out the options available to the Council to mitigate and manage this risk.
- 10.3 The gross HRA capital expenditure required to deliver the plans within the investment strategy amounts to £662m over the next five years. This will rely upon funding of £27m of HRA revenue resources, £313m from RTB & Other capital receipts, £128m from the Affordable Housing Fund, £71m of new borrowing, £117m from the major repairs reserve and £7m of grants. The programme then sees a decrease in capital spend over years 5 to 10 as the HRA reaches its assumed borrowing capacity in 2020/21.
- 10.4 The funding of this programme is largely dependent upon the timing and value of asset disposals (i.e. capital receipts) that underpin the regeneration programme. These schemes are designed to increase the number of homes available for Westminster residents, in a mix of affordable and private sale units, with the private sale units generating a significant proportion of the overall capital receipts in the plan.
- 10.5 As funds are committed on the regeneration schemes, the assumed borrowing headroom and hence financial capacity within the HRA reduces. In order to maintain a buffer, the plan aims to retain circa £11m in operating reserves, which represents c10% of annual turnover cover. This also helps by enabling the repayment of debt and reducing interest charges on the debt. Borrowing is set to peak in 2020/21 at £333m and remains above £300m for the first 10 years of the plan. This will limit the ability of the HRA to contribute major funds to any further housing development until year 11 and beyond. If scheme estimates on expenditure or income change adversely there is little to

no headroom within the HRA so corrective action as outlined in section 12 would be required.

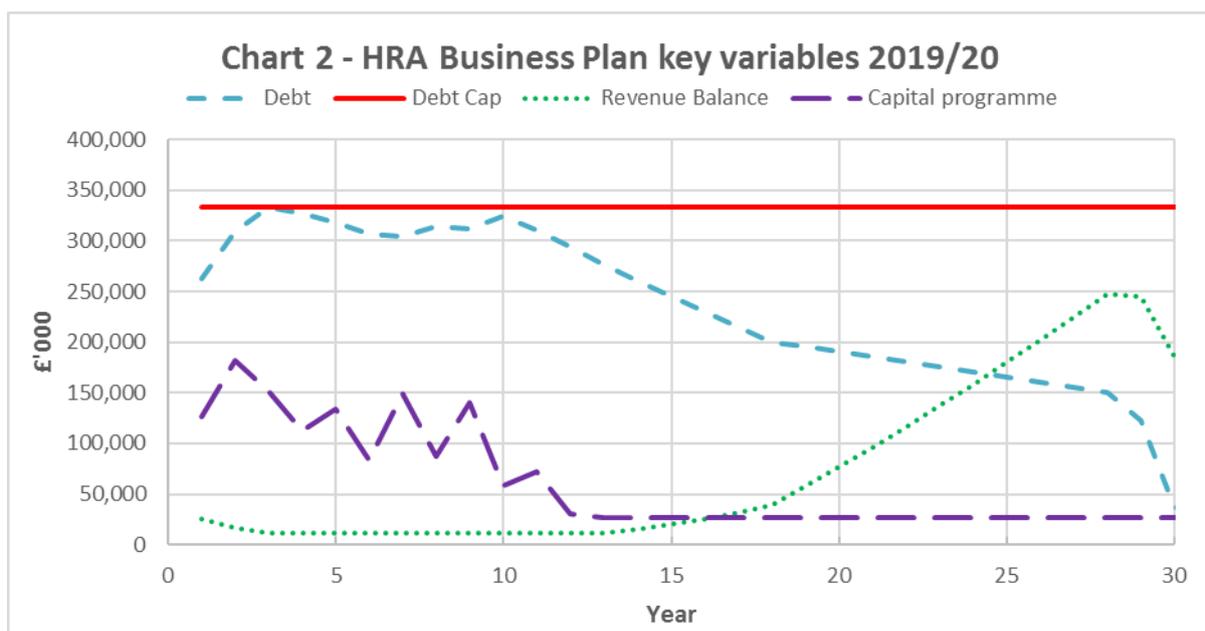
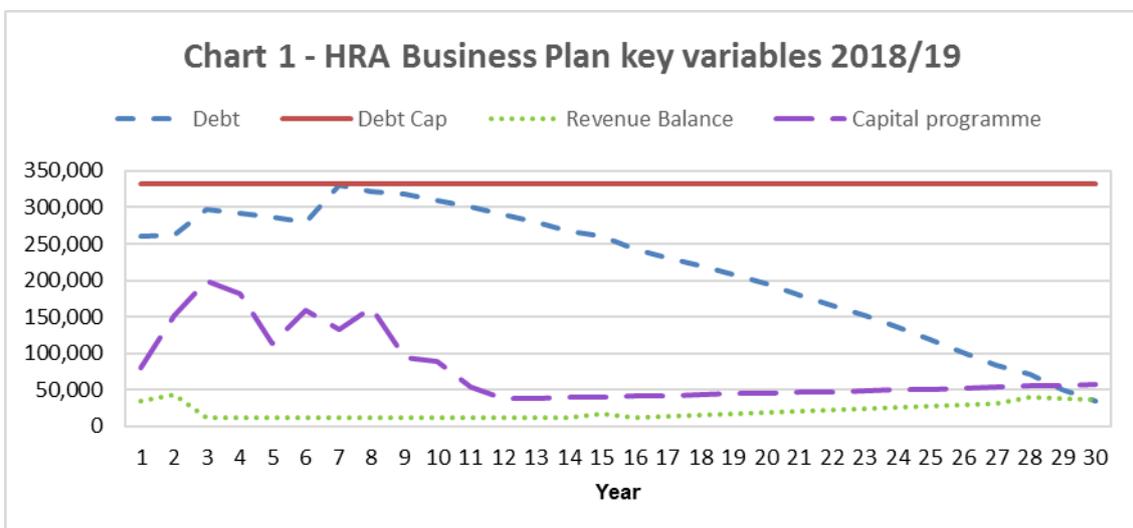
- 10.6 From year 10, the capital programme starts to reduce in size as the bulk of the estates regeneration plan completes. As it reduces, there is capacity for the HRA to start repaying the debt and it reduces from that point until the end of the plan.
- 10.7 The variables used in the assumptions can only be best estimates and any variation from these could have a significant impact over the full 30 year plan period. These assumptions and the associated impact/risk of change will require close monitoring and potentially the adoption of one or more of the range of management mitigations set out in section 12 if they have a material adverse impact upon the plan.
- 10.8 In undertaking the HRA business planning process, all regeneration programmes have been subjected to continued robust scrutiny and challenge and an appropriate level of contingency on capex schemes has been provided for within the scheme budgets as well as a central contingency in the overall capital programme. **Appendix B** sets out the summary view of spend over both the coming 5 years and the totality of the 30 year period.
- 10.9 The internal governance processes within Housing, involving CityWest Homes development and major projects teams have been rigorously reviewed and focus now upon key project management skills and tolerance reporting. The creation of a Programme Management Office (PMO) during 2018/19 also adds to the monitoring of these significant development programmes.
- 10.10 The business plan will be reviewed on an on-going basis, feeding in changes from the annually agreed baseline to understand the impact of changes in the assumptions and capital expenditure on the affordability of the plan. This will enable management to identify any necessary mitigation required at an early stage.

## **11. The HRA business plan base financial position**

- 11.1 The base financial position will deliver the following:
  - Investment in existing stock of £1.415bn, including major works capital expenditure of £0.902bn and revenue repairs and maintenance of £0.513bn.
  - Investment in new affordable housing of £0.815bn generating new HRA units, along with improved public realm and community facilities.
  - Reduction in HRA debt in year 30 to £37m.

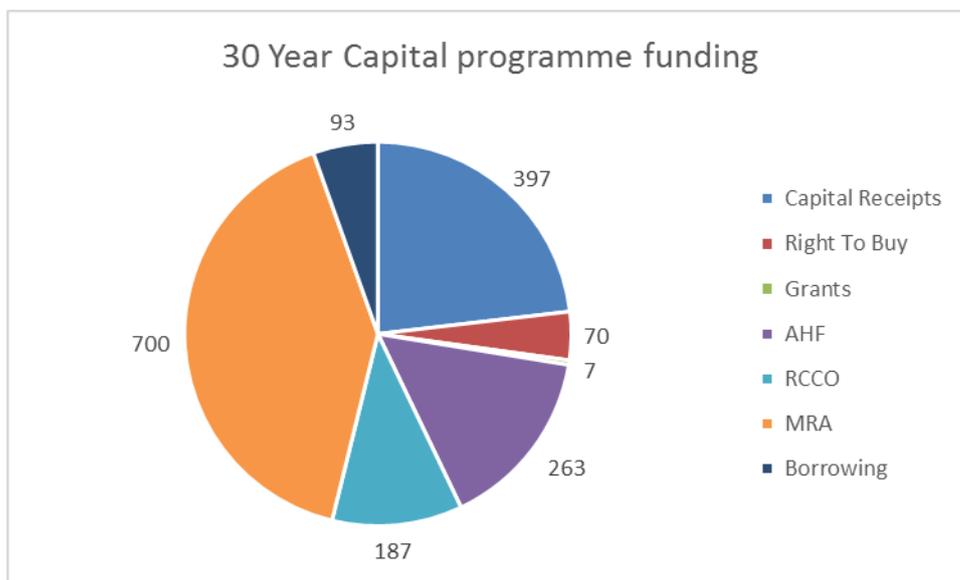
- HRA Revenue balances in year 30 of £214m.
- Efficiency savings of £5.2m delivered across 2016/17 to 2020/21 which are reinvested in service delivery.

11.2 The charts below show the key variables of last year's and the current year's Business Plans: the assumed debt cap (set by government under the self-financing settlement); the debt (total borrowing requirement); capital programme expenditure; and the operating reserve balance. Each of these is explained further below. The chart for the current year plan (Chart 2) shows that the HRA can fund the regeneration schemes and other capital investment requirements, with support from the affordable housing fund, capital grant and increased capital receipts.



- 11.3 **Debt cap (red line)** - each local authority HRA has until now had a debt cap, imposed by government as part of the 2012 self-financing settlement. This limits the amount of borrowing that the HRA can undertake. Westminster's cap was originally set at £325m in 2012, but was increased in 2014/15 to £334m. As the chart shows, the assumed borrowing limit remains the same over the 30 year period so the maximum amount the HRA can borrow stays in line with government rules. The recent Government announcement removing the borrowing cap has come too late at this stage to revisit assumptions in the business plan and details of this have yet to be released, thus at this point we can only plan on the basis of this cap remaining in place.
- 11.4 **Debt (blue line)** - As the chart shows, the Council is able to fund the investment programmes outlined in this report within the assumed level of borrowing. Borrowing rises from the current £260m (as at 31 March 2018) and peaks in 2020/21 effectively reaching the maximum currently allowed, then remaining above £300m before reducing after year 11. The plan assumes that maturing debt will be re-financed as long term loans expire. When resources allow, the principal sums are repaid which for example causes the sharp reduction in later years when two loans mature. It can be seen from the graphs that the debt level begins at a higher level and remains there for longer than in the previous plan. This is driven by a need to borrow earlier as a result of re-profiled capital receipts and reduced external income in the next few years.
- 11.5 **Revenue balance (green line)** - A minimum reserves balance of £11m has been assumed as a key requirement in the plan as a contingency against unexpected expenditure, or shortfalls in income and to mitigate potential risk. The risks and other options for mitigation are set out in section 12 to this report. This minimum reserves level is circa 10% of annual turnover and is felt to be prudent in light of the future uncertainty around Brexit, Government housing policy, rent policy, inflation, interest rates and other cash flow dependencies. The chart shows the revenue balance is projected to rise to £214m at the tail end of the plan, however the capital programme is concentrated over the first 10 years of the programme so the annual additional financing requirement reduces significantly from that point onwards. It is assumed that any reserve levels achieved significantly in excess of this level are used to repay debt, enabling the plan to maximise investment during the early years of the plan on the regeneration schemes, then to repay and reduce the debt levels over the latter years.
- 11.6 **Capital programme (purple line)** - Total planned capital investment in the HRA totals £1.72bn (£1.88bn last year) over 30 years. This includes major works on existing stock of £0.902bn (£0.919bn last year), regeneration £552m (£604m last year) and Other Schemes £264m (£355m).

11.7 The capital programme is forecast to be funded mainly from: Reserves & Contributions of £187m; capital receipts of £397m generated from land and market sale of new homes; capital grants of £7m; drawdowns from the Affordable Housing Fund of £263m; Right To Buy sales receipts of £70m; MRA/Major Repairs Reserve<sup>2</sup> of £700m; and borrowing of £93m where appropriate. This is shown in the chart below.



### Key Business Plan assumptions

11.8 The key assumptions that underpin the business plan are set out below.

11.9 **Housing stock** – the Plan is based on a forecast of increasing tenanted stock numbers from 11,965 at the beginning of year 1, to 12,475 in year 30. This includes a net total of 859 additional units (bought or built), offset by 510 RTB. The regeneration scheme will also lead to a further net increase in intermediate and leasehold stock, as set out in Table 6 below.

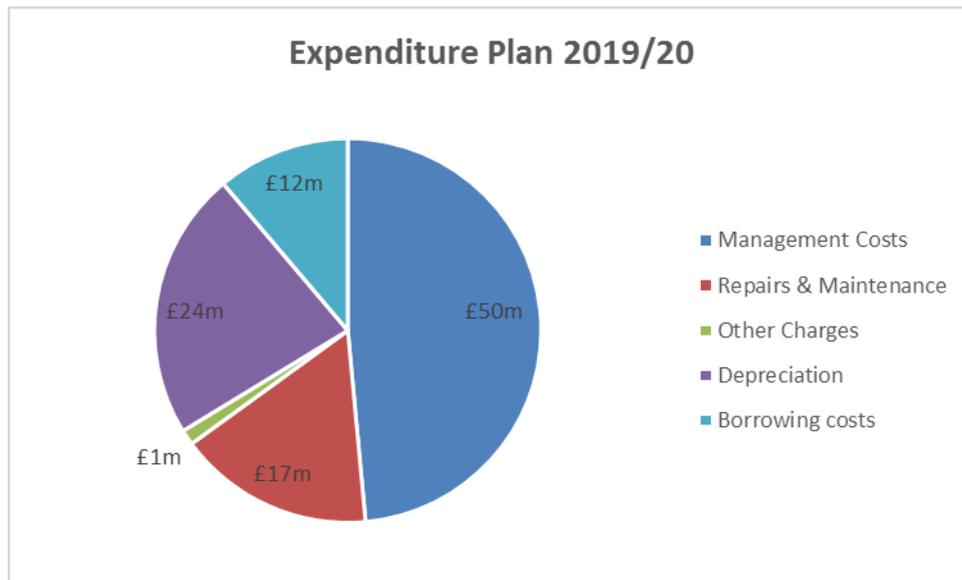
**Table 6 – HRA stock movement**

Tenure	Tenanted	Affordable / Intermediate	Leasehold	Total
Stock numbers at 01/04/2019	11,916	-	8,944	20,860
Net Additions	1,020	296	(178)	1,138
Disposals – RTB	(510)	-	510	-
<b>Stock numbers at 31/3/2049</b>	<b>12,426</b>	<b>296</b>	<b>9,276</b>	<b>21,998</b>

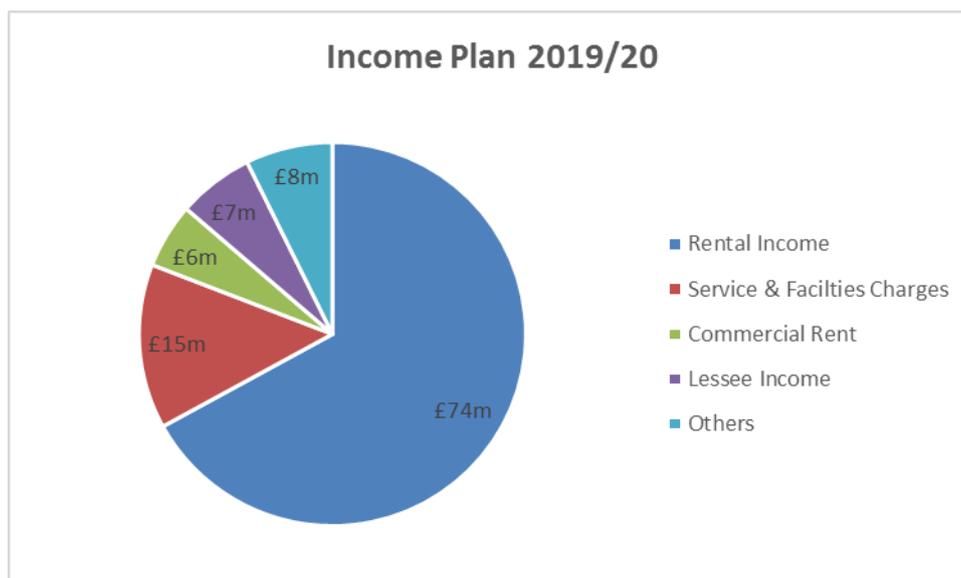
<sup>2</sup> The major repairs reserve captures annual depreciation charges and becomes available to finance capital expenditure and to repay debt.

11.10 **Dwelling rents** - average weekly rent per property is estimated to increase from £120.90 to £229.19 in year 30 of the plan. This reflects the 1% rent reduction in the first year in line with government regulation, followed by an estimated 3% average rent increase for the next five years (being CPI +1%). For subsequent years a prudent inflationary increase (CPI, at 2%) is assumed as Government rent policy is yet to be determined.

11.11 **Management Costs** – the chart below shows the operating account expenditure for 2019/20. The total annual expenditure is £104m, the bulk of which is the housing management and service costs of £50m.



11.12 The chart below shows the operating account income of £110m for 2019/20 in the Business Plan. Rental income from dwellings, including for sheds and garages, accounts for the majority at £74m. Service and facilities charges, mostly from lessees but some from tenants, is also significant at £15m. Rent from commercial properties brings in circa £6m net income after costs for management. Income from lessees in respect of major works is circa £7m but can fluctuate depending on the nature of works undertaken. The remainder of the spend includes recoveries for heating and hot water charges and other miscellaneous charges.



**Appendix C** of this report sets out the 30 year profile for income and expenditure, including the one year budget for revenue in 2019/20 showing a net operating contribution before repayment of loans, capital funding or transfers to/from reserves of £6.420m.

- 11.13 Being a 30 year plan, the HRA Business Plan is based on a number of assumptions about the future. These are set out in **Appendix D**. Section 12 sets out an assessment of the risks which are inherent in the plans and options for managing and mitigating against such risks.
- 11.14 Based on the above assumptions, the business plan remains viable over the 30-year period; and the investment programmes are deliverable.

## 12. Risk Management

- 12.1 As has been portrayed in the graphs and information earlier in this report, the latest plan seeks to maximise the investment in regeneration programmes in order to deliver new homes for the city. The consequence of this is that the capital expenditure profile drives up the level of borrowing required in order to achieve this objective, taking the peak borrowing year in the plan (2020/21) to within circa £300k of the assumed borrowing limit. In the next 10 years, the borrowing remains above £300m before reducing over the remainder of the plan as capital expenditure decreases. This sustained reduced headroom in borrowing would limit the ability of the HRA to absorb and manage the financial impact of unforeseen and unplanned risks that may materialise during the course of the plan. However, the recent Government announcement that the borrowing cap is to be removed will mitigate this risk.
- 12.2 This means that if any overspends to budget occur which place an increased burden on the HRA, or if capital receipts are delayed or reduced, this would push the borrowing requirement above the level of the assumed cap. The

HRA is currently by law not allowed to budget for a deficit or to exceed the borrowing cap, consequently until the announcement has formally been enacted, the Council would need to identify and implement a number of actions which mitigate and reduce the pressure on borrowing.

- 12.3 It is important to note that the spend profile in this plan is **not** wholly and contractually committed such that the council is left with no controls or levers with which to control the level of capital spend set out in the programme. It sets out the aspiration of what could be achieved within the constraints of the assumed borrowing cap and reserves if everything went to plan, while also demonstrating that over the longer term the plan can be maintained as a viable proposition.
- 12.4 The range of management options available within the HRA to mitigate any additional risks are as follows (in no particular order):-
- a. Project spend monitoring and management information. It is key that there are early warning indicators for management to be able to identify whether any projects are going to overspend in order to be able assess the impact on the HRA plan. Officers produce a management report on the HRA on a monthly basis which is shared with senior management and the Cabinet Member for Housing as part of this.
  - b. Regular updates to the HRA business plan. Quarterly reviews and updates to the business plan are undertaken, at which point any changes identified in operating or capital project performance can be remodelled to identify the impact and any further mitigation required. The fact that the business plan is then fully updated on an annual basis means that steps can be taken to re-profile or reprioritise elements of the plan well in advance of any peak year. In reality, we would seek to avoid getting too close to the cap in the coming year.
  - c. Utilisation of contingency. The main regeneration schemes each have a certain level of contingency built into the cost of the projects as a buffer against overspend within the project budget. This will be the first port of call for any overspend within a project. Monitoring the use and need for contingency on a project will be important as an indicator of whether a project is going to go over budget. Secondly, the capital programme has a separate contingency budget which has not been specifically allocated any given scheme. This amounts to 5% of non-property acquisition expenditure in a given year and equates to £7m over the next 5 years.
  - d. Reduce or delay the reinvestment of self-financing capital expenditure. Currently it is assumed that the cash generated through disposal of HRA assets for re investment is fully reinvested back into acquiring new stock. There is £50m assumed for reinvestment over the next 5 years. The rate of reinvestment could be slowed or paused so as to avoid the plan going into

deficit or exceeding the assumed borrowing limit of £333.5m. The consequence of this strategy would be that a reducing housing stock within the HRA would have a direct impact on the cost of Temporary Accommodation in the General Fund, creating pressures on the rest of the Council to stay within budget.

- e. Dispose of HRA assets. Similar to the above, but without reinvesting the cash generated. Achieved through identifying surplus assets or selling additional HRA properties.
- f. Increase or accelerate funding drawn from the Affordable Housing Fund (AHF). The risk of increases in cost for the acquisition of affordable housing can be met from the AHF fund through reprioritisation of funding. However, the AHF currently held by the Council is assumed to be fully used over the coming years, and the plan as a whole assumes that further AHF money will be received and used in order to make the whole plan affordable. This would need careful modelling to understand the impact on other schemes assumed to draw from the fund in later years.
- g. Transfer schemes from HRA into an alternative vehicle, such as the wholly owned company. This can help the profile of the business plan by moving expenditure from peak years when the borrowing cap is under pressure to another delivery vehicle so that the scheme can still proceed without drawing upon HRA borrowing. This method of mitigation has been used within this years business plan in order to remain within assumed financial limits. The downside would be that this could be removing schemes which would generate longer term benefits in terms of rental income on the affordable housing which was otherwise planned to be retained within the HRA.
- h. Re-profile, extend or delay regeneration capital expenditure
  - i. Reprofile the regeneration spend so that schemes run sequentially rather in parallel, or delay some projects until the peak borrowing period has passed and capacity allows.
  - ii. Reprofile and extend regeneration scheme programmes to be delivered over a longer period, slowing down the rate of spend. This however is less palatable as it would be an inefficient way of working and not favourable with development partners, as well as the impact this would have on residents from the site and the surrounding area.
  - iii. Some elements of the plan or certain schemes could be decided to begin or progress only when certain other conditions have been met which assure the financial safeguarding of the plan, such as the level of capital receipts received needing to be met.

These would need to be modelled so as to demonstrate the impact of not only the deferred expenditure but also the deferred capital receipts arising at the end of the schemes when the income from private sale units comes through.

- i. Reduce major works expenditure. This amounts to £189m over the next 5 years, £902m over 30 years. However, this would have subsequent risks as the Council recently signed up to term contracts which gave an indication of a certain minimum level of spend with the suppliers. If these minimum levels were not achieved, the Council could be subject to penalties or compensation which negate or reduce the potential mitigation and impact on the Council's reputation.
  - j. Average rents for new units have been modelled at £152 a week but could be increased to increase the annual return and total dwellings rent received.
  - k. Increase HRA rents following the period of 1% reductions to the maximum allowable under law. Currently the business plan assumes increases of CPI+1% for the 5 years following before reverting to annual CPI increases. When the 1% reductions legislation came in, this had a significant impact on the HRA plan, as the reductions have a compounding and lasting effect on future years. Reversing this position would have a similar but favourable effect on the plan. Rent policy is only guidance and the only control at present is the limit on Housing Benefit.
  - l. The model maintains a minimum reserves balance of £11m, but this in itself is a buffer against overspends and hence acts as a source of mitigation.
- 12.5 As noted in **Appendix D**, the base business plan uses prudent assumptions so as to reduce the chance of certain risks arising. Set out below is a summary of other potential risks to the stability of the business plan. Quarterly reviews of the HRA business plan will be held between senior officers and the lead member, at which programme performance will be reviewed and risks monitored.
- 12.6 In addition, the Business Plan conforms to the Chartered Institute of Housing (CIH) and CIPFA voluntary code on self-financing HRAs. This includes compliance with CIPFA's Code of Practice on Local Authority Accounting in the UK including depreciation of assets on a componential basis.
- 12.7 The Council complies with the both the principles of co-regulation as set out in "The Regulatory Framework for Social Housing in England from 2012" and the requirements of the CIPFA/CIH "Voluntary code of practice on self-financing HRAs".
- 12.8 Under the Regulatory Framework code, governance arrangements should be fit for purpose, and reflect the complexity and risk profile of the organisation. Boards and Councillors need to set clear objectives and develop a forward

looking strategy that enables their organisation to make the most of future opportunities and mitigate risks. There should be a continuous focus on effective financial management and improving value for money.

12.9 The self-financing code of practice is a voluntary framework of best practice for local authority governance of the HRA aimed at promoting effective governance, finance and business planning and aimed at providing transparency to stakeholders on how the housing business is being managed. Its key principles are:

- **Financial viability.** The housing authority has put in place arrangements to monitor the viability of the housing business and takes appropriate actions to maintain viability.
- **Communications and governance.** The housing authority keeps under review the communications and governance arrangements with regards to the new operating environment and adopts governance arrangements appropriate to supporting viability and accountability of the housing business.
- **Risk management.** The housing authority has in place an effective system for the on-going management, monitoring and reporting of risks to the HRA.
- **Asset management.** The housing authority has in place arrangements to maintain its assets to maximise their value into the future. The authority complies with the principles of good asset management as they apply to HRA assets.
- **Financial and treasury management.** The housing authority complies with formal accounting practices including CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom and CIPFA's Treasury Management in the Public Services Code of Practice.

12.10 **Appendix E** shows the key risks, impacts and mitigations on the HRA over the 30 year period.

### **13. Additional Borrowing Bid**

13.1 The Council was preparing a submission for an increase in the HRA Borrowing Cap to accelerate delivery of new homes. Clearly the latest announcement on the borrowing cap will change matters significantly. The programme set out in this report has been based on the pre-existing requirement to keep within the current borrowing cap of £334m. To do so we have assumed the need to:

- Commence the purchase of leasehold properties on Church Street immediately, using the housing subsidiary company where possible to ease the financial pressure on the HRA. Due to the length of the redevelopment programme the homes will be used for temporary accommodation rather than be left empty for up to three years.
- Assume that any intermediate tenure homes produced are purchased by a third party
- Bring forward use of the AHF to support the programme

13.2 In parallel, the Council is actively seeking other potential sources of funding to cover specific parts of the programme. An example of this is a discussion with Sport England to fund community health, leisure and sport elements of the housing renewal programme taking this cost from the HRA. With the support of Treasury, Sport England have had discussions with institutional funders to provide low cost, long term finance to local authorities for projects that support their Active Lifestyles and Active Environment programmes. They are looking to support health, well-being and active leisure projects from a £1bn funding stream.

#### **14. Legal Implications**

14.1 The expenditure referred to in this report will be spent pursuant to the Council's powers and duties. Individual reports on each project will be approved by the Cabinet or by the relevant Cabinet Member.

14.2 Statutory requirements as to the keeping of a Housing Revenue Account (HRA) are contained in the Local Government and Housing Act 1989. The provisions include a duty, under Section 76 of the Act, to budget to prevent a debit balance on the HRA and to implement and review the budget.

14.3 The Localism Act 2011 contains provisions relating to housing finance in Sections 167 to 175. These provisions introduced a new system of council housing finance which ended the current Housing Revenue Account subsidy system in England and replaced it with self-financing arrangements. Section 171 of the Localism Act 2011 empowered the Secretary of State to make provision relating to the level of indebtedness in relation to local housing authorities in England which keep a Housing Revenue Account.

14.4 Under Regulation 12 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) local authorities are required to use RTB capital receipts to pay the "poolable amount" to the Secretary of State, on a quarterly basis.

- 14.5 This report deals with other legislative provisions which are expected to influence the Housing Investment Strategy such as the social rent reduction introduced by Section 23 of the Welfare Reform and Work Act 2016 and changes to the social benefits system under Sections 8 – 17 of the Welfare Reform and Work Act 2016.
- 14.6 The Housing and Planning Act 2016 is also likely to affect the findings of subsequent reports and also the Council’s regeneration initiatives. The relevant provisions include the imposition of a liability for local housing authorities which maintain a Housing Revenue Account to make payments to the Secretary of State based on the market value of any vacant higher value void properties which the local authority owns. Additionally, under Chapter 6 and Schedule 7 the Housing and Planning Act 2016 seeks to phase out secure tenancies as life interests and replace them with fixed term secure tenancies thus potentially allowing for more flexibility in terms of stock management. Full details of any of these provisions are not available at the moment.
- 14.7 The Housing and Planning Act 2016 also contains provisions which have been implemented and may attract procedural changes in the way the Council progresses its regeneration projects. Such provisions include the amendments made to the planning regime under Part 6 and amendments to the compulsory purchase and appropriation procedures under Part 7.
- 14.8 The Equality Act 2010 introduced a single public sector equality duty. This duty requires the Council to have due regard in its decision-making processes to the need to:
- a. Eliminate discrimination, harassment, victimisation or other prohibited conduct;
  - b. Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it, and;
  - c. Foster good relations between those who share a relevant characteristic and those that do not share it.
- 14.9 The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation.
- 14.10 The Council is required to act in accordance with the equality duty and have due regard to the duty when carrying out its functions, which includes making new decisions in the current context and in relation to the new Strategy. An

Equalities Impact Assessment and or consultation maybe necessary if significant changes are envisaged to Housing Management Schemes.

## **15. Consultation**

- 15.1 Development of the Business Plan and Housing Investment Strategy has involved officers from within the Housing and Regeneration Department, City Treasurers and CityWest Homes. We have had regard to national and local housing policies and objectives which have informed the priorities for investment.
- 15.2 A key component of the housing regeneration programme is community engagement: officers and consultants have worked with local communities to develop plans for their neighbourhoods. Community engagement teams work on the ground with residents, visiting residents in their homes, staffing drop-in sessions and holding open days. Resident expectations are high, and the City Council is committed to an on-going programme of resident involvement as these schemes develop further.

**If you have any queries about this Report or wish to inspect any of the Background Papers please contact:**

*Daniel Peattie (dpeattie@westminster.gov.uk; 0207 641 6260) or Fergus Coleman (fcoleman@westminster.gov.uk 0207 641 2129)*

## **Appendix A - Other Implications**

### **1. Resources Implications**

The resourcing implications to deliver the proposed capital programme are contained within the attached indicative HRA capital programme.

### **2. Business Plan Implications**

Approval of the HRA Business Plan is critical to delivery of key components of the Housing Business Plan, such as the estate regeneration programme and reducing homelessness pressures.

### **3. Risk Management Implications**

See section 12 of the report.

### **4. Health and Wellbeing Impact Assessment including Health and Safety Implications**

Programmes delivered within this strategy are aimed at addressing health and wellbeing issues, through improvements to housing and the public realm, and through related programmes addressing employment and skills and provision of community facilities.

A key part of the early years' investment in the existing stock will be to address health and safety issues brought to light as a result of the Grenfell Tower fire.

### **5. Crime and Disorder Implications**

Safety and security measures form a component of the programme of works to existing stock, and the estate renewal schemes, both of which are factored into the HRA Business Plan.

### **6. Impact on the Environment**

New homes are built to Code 4 as a minimum and environmental and energy efficiency works are key considerations in the works to existing housing stock and the housing regeneration schemes. The Church Street regeneration scheme incorporates a new Combined Heat and Power district heating scheme.

### **7. Equalities Implications**

Each of the estate regeneration schemes has been subject to an Equalities Impact Assessment to ensure any arising issues are addressed. DDA works and disabled adaptations are included as essential works within the capital programme

### **8. Human Rights Implications**

The investment programmes outlined in this report will involve the enforced displacement of residents and their human rights under Article 1 of the First Protocol

and Article 8 of the European Convention on Human Rights will be taken into account at the appropriate time.

## **9. Communications Implications**

See section 15 on consultation.

## Appendix B – Capital Expenditure

HRA FIVE YEAR CAPITAL PROGRAMME														
Schemes	2017-18	2018-19	2019-20		2020-21		2021-22		2022-23		2023-24	Total	Total	
	Outturn £'000	Forecast £'000	Plan	£'000	Plan	£'000	Plan	£'000	Plan	£'000	Plan	£'000	5yr Plan £'000	30yr Plan £'000
<b>Major Works</b>														
Electrical Works & Laterals	7,568	10,465	5,729	6,012	6,499	5,383	10,023	33,646	294,261					
External Repairs & Decorations	11,807	22,750	18,351	15,995	15,363	21,805	18,900	90,415	359,900					
Fire Precautions	4,499	7,502	9,485	8,952	5,500	4,731	7,615	36,283	70,783					
Kitchen & Bathroom	822	357	750	700	700	700	750	3,600	27,100					
Lifts	2,521	3,394	1,500	1,500	1,500	1,500	1,500	7,500	45,000					
Major Voids , aids and adaptions	4,674	5,200	3,500	3,500	3,500	3,500	3,500	17,500	105,000					
<b>Total Major Works</b>	<b>31,891</b>	<b>49,668</b>	<b>39,315</b>	<b>36,659</b>	<b>33,062</b>	<b>37,619</b>	<b>42,288</b>	<b>188,944</b>	<b>902,044</b>					
<b>Regeneration</b>														
Cosway Street	608	4,827	13,040	14,048	664	0	0	27,752	27,752					
Lisson Arches	2,122	3,664	8,980	12,107	2,650	344	0	24,080	24,080					
Luton Street	258	2,140	6,374	5,752	0	0	0	12,126	12,126					
Parsons North	358	4,887	11,358	10,193	559	0	0	22,110	22,110					
Ashbridge	365	2,917	6,940	1,912	222	0	0	9,074	9,074					
Church Street Phase Two	982	6,084	2,963	1,281	27,455	57,809	29,889	119,398	307,417					
Tollgate Gardens	7,142	742	9,680	0	0	0	0	9,680	9,680					
Ebury	11,193	15,795	23,528	24,699	8,184	300	306	57,017	139,414					
<b>Total Regeneration</b>	<b>23,028</b>	<b>41,056</b>	<b>82,863</b>	<b>69,992</b>	<b>39,734</b>	<b>58,453</b>	<b>30,195</b>	<b>281,237</b>	<b>551,654</b>					
<b>Other Schemes</b>														
District Heating Network Scheme	496	392	0	0	0	0	0	0	0					
Edgware Rd	1,952	37	6,564	300	0	0	0	6,864	6,864					
Future Pipeline	2,728	10,438	40,027	32,394	28,857	25,896	328	127,501	131,167					
Self Financing	22,064	18,339	10,000	10,000	10,000	10,000	10,000	50,000	110,000					
Kemp House/Berwick Street	8	749	0	0	0	0	0	0	0					
Ashmill	0	243	668	10	0	0	0	678	678					
Central Contingency	0	5,429	2,374	2,265	393	1,652	236	6,919	14,821					
<b>Total Other Schemes</b>	<b>27,248</b>	<b>35,628</b>	<b>59,633</b>	<b>44,968</b>	<b>39,249</b>	<b>37,548</b>	<b>10,564</b>	<b>191,962</b>	<b>263,530</b>					
<b>Total Capital Expenditure</b>	<b>82,167</b>	<b>126,351</b>	<b>181,810</b>	<b>151,619</b>	<b>112,046</b>	<b>133,620</b>	<b>83,048</b>	<b>662,143</b>	<b>1,717,228</b>					
<b>Financed By:</b>														
Capital Receipts	20,000	35,650	52,200	59,787	70,771	68,113	57,092	307,963	397,282					
Right To Buy	11,535	9,606	2,385	766	0	1,760	0	4,910	69,654					
Grants	2,000	5,905	6,700	0	0	0	0	6,700	6,700					
AHF	9,480	18,431	38,226	28,445	17,944	40,416	2,625	127,656	263,467					
RCCO	15,781	33,428	11,995	15,010	0	0	0	27,005	186,757					
MRA	23,371	23,331	23,331	23,331	23,331	23,331	23,331	116,655	699,930					
Borrowing	0	0	46,974	24,281	0	0	0	71,254	93,439					
<b>Total Financing</b>	<b>82,167</b>	<b>126,351</b>	<b>181,810</b>	<b>151,619</b>	<b>112,046</b>	<b>133,620</b>	<b>83,048</b>	<b>662,143</b>	<b>1,717,228</b>					

## Appendix C – Operating Account

Westminster City Council  
HRA Business Plan  
Operating Account  
(expressed in money terms)

Year	Year	Income				Expenditure										Net Operating (Expenditure) £,000	Repayment of loans £,000	Transfer to MRR £,000	Transfer from / (to) Revenue Reserve £,000	RCCO £,000	Surplus (Deficit) for the Year £,000	Surplus (Deficit) b/fwd £,000	Interest £,000	Surplus (Deficit) c/fwd £,000
		Net rent Income £,000	Other income £,000	Misc Income £,000	Total Income £,000	Managt. £,000	Depreciation £,000	Responsive & Cyclical £,000	Other Revenue spend £,000	HRA Cost of Rent Rebates £,000	Misc expenses £,000	Total expenses £,000	Capital Charges £,000											
1	2019.20	88,888	6,500	15,012	110,400	(50,464)	(23,513)	(17,086)	(500)	0	(839)	(92,401)	(11,579)	6,420	0	0	(4,800)	(10,400)	(8,780)	25,366	129	16,715		
2	2020.21	92,399	6,662	15,066	114,127	(51,725)	(24,255)	(17,613)	(513)	0	(836)	(94,942)	(13,190)	5,995	0	0	0	(11,698)	(5,703)	16,715	98	11,110		
3	2021.22	95,281	6,829	14,912	117,022	(53,018)	(25,046)	(18,053)	(525)	0	(857)	(97,500)	(13,540)	5,982	(5,644)	0	0	0	338	11,110	261	11,709		
4	2022.23	98,360	7,000	16,413	121,773	(54,344)	(25,515)	(18,488)	(538)	0	(879)	(99,763)	(13,232)	8,778	(9,318)	0	0	0	(539)	11,709	386	11,556		
5	2023.24	102,356	7,175	16,952	126,482	(55,702)	(26,410)	(19,065)	(552)	0	(901)	(102,630)	(12,998)	10,854	(11,071)	0	0	0	(217)	11,556	305	11,645		
6	2024.25	106,719	7,354	18,645	132,717	(57,095)	(27,306)	(19,731)	(566)	0	(923)	(105,621)	(11,726)	15,370	(2,361)	0	0	(13,565)	(556)	11,645	182	11,271		
7	2025.26	110,248	7,538	18,577	136,363	(58,522)	(28,361)	(20,443)	(580)	0	(946)	(108,852)	(12,135)	15,376	0	0	0	(15,642)	(266)	11,271	80	11,084		
8	2026.27	113,705	7,726	18,440	139,871	(59,985)	(29,260)	(21,167)	(594)	0	(970)	(111,977)	(12,312)	15,582	(2,042)	0	0	(13,495)	45	11,084	81	11,211		
9	2027.28	117,584	7,919	16,267	141,771	(61,485)	(30,308)	(21,976)	(609)	0	(994)	(115,373)	(12,585)	13,813	0	0	0	(14,017)	(204)	11,211	81	11,088		
10	2028.29	121,293	8,117	16,674	146,084	(63,022)	(31,402)	(22,750)	(624)	0	(1,019)	(118,818)	(12,539)	14,727	(14,359)	0	0	0	368	11,088	146	11,602		
11	2029.30	124,319	8,320	17,091	149,730	(64,598)	(32,380)	(23,375)	(640)	0	(1,045)	(122,037)	(11,817)	15,875	(16,019)	0	0	0	(144)	11,602	309	11,767		
12	2030.31	126,913	8,528	17,518	152,959	(66,213)	(33,155)	(23,927)	0	0	(1,071)	(124,366)	(11,045)	17,549	(17,809)	0	0	0	(260)	11,767	401	11,908		
13	2031.32	129,561	8,742	17,956	156,258	(67,868)	(33,948)	(24,493)	0	0	(1,097)	(127,406)	(10,294)	18,557	(15,983)	0	0	0	2,574	11,908	396	14,878		
14	2032.33	132,261	8,960	18,405	159,626	(69,565)	(34,761)	(25,072)	0	0	(1,125)	(130,522)	(9,435)	19,669	(21,397)	0	0	0	(1,728)	14,878	388	13,538		
15	2033.34	135,017	9,184	18,865	163,066	(71,304)	(35,592)	(25,664)	0	0	(1,153)	(133,713)	(8,607)	20,746	(17,357)	0	0	0	3,388	13,538	382	17,308		
16	2034.35	137,829	9,414	19,336	166,579	(73,086)	(36,444)	(26,270)	0	0	(1,182)	(136,982)	(7,893)	21,704	(16,934)	0	0	0	4,770	17,308	391	22,469		
17	2035.36	140,699	9,649	19,820	170,168	(74,913)	(37,316)	(26,891)	0	0	(1,211)	(140,331)	(7,292)	22,544	(11,930)	0	0	0	10,614	22,469	418	33,501		
18	2036.37	143,628	9,890	20,315	173,833	(76,786)	(38,208)	(27,526)	0	0	(1,242)	(143,762)	(7,009)	23,062	(926)	0	0	0	22,135	33,501	489	56,126		
19	2037.38	146,615	10,138	20,823	177,576	(78,706)	(39,122)	(28,176)	0	0	(1,273)	(147,277)	(6,958)	23,341	(1,922)	0	0	0	21,419	56,126	588	78,132		
20	2038.39	149,665	10,391	21,344	181,400	(80,674)	(40,058)	(28,842)	0	0	(1,304)	(150,878)	(6,779)	23,742	(4,918)	0	0	0	18,824	78,132	678	97,634		
21	2039.40	152,777	10,651	21,877	185,305	(82,690)	(41,016)	(29,523)	0	0	(1,337)	(154,567)	(6,269)	24,469	(14,914)	0	0	0	9,555	97,634	739	107,928		
22	2040.41	155,954	10,917	22,424	189,295	(84,758)	(41,997)	(30,220)	0	0	(1,371)	(158,346)	(5,530)	25,420	(13,910)	0	0	0	11,510	107,928	782	120,220		
23	2041.42	159,196	11,190	22,985	193,371	(86,877)	(43,002)	(30,934)	0	0	(1,405)	(162,217)	(4,790)	26,363	(14,905)	0	0	0	11,458	120,220	830	132,509		
24	2042.43	162,505	11,470	23,559	197,535	(89,048)	(44,030)	(31,664)	0	0	(1,440)	(166,183)	(4,000)	27,352	(15,901)	0	0	0	11,452	132,509	878	144,838		
25	2043.44	165,884	11,757	24,148	201,789	(91,275)	(45,083)	(32,412)	0	0	(1,476)	(170,245)	(3,158)	28,385	(16,896)	0	0	0	11,489	144,838	926	157,253		
26	2044.45	169,328	12,050	24,752	206,131	(93,557)	(46,161)	(33,177)	0	0	(1,513)	(174,407)	(2,291)	29,432	(16,891)	0	0	0	12,541	157,253	977	170,771		
27	2045.46	172,845	12,352	25,371	210,567	(95,895)	(47,265)	(33,960)	0	0	(1,551)	(178,671)	(1,399)	30,497	(17,886)	0	0	(286)	12,326	170,771	1,030	184,127		
28	2046.47	176,434	12,660	26,005	215,099	(98,293)	(48,395)	(34,762)	0	0	(1,589)	(183,039)	(1,893)	30,167	(38,881)	0	0	0	(8,713)	184,127	1,098	176,512		
29	2047.48	180,048	12,977	26,655	219,680	(100,750)	(49,552)	(35,582)	0	0	(1,629)	(187,513)	(1,958)	30,209	(106,879)	0	0	0	(76,669)	176,512	1,160	101,003		
30	2048.49	183,739	13,301	27,322	224,362	(103,269)	(50,736)	(36,422)	0	0	(1,670)	(192,097)	128	32,393	(15,881)	0	0	0	16,512	101,003	1,216	118,730		

## Appendix D – Key assumptions

Risk area	Assumption	Comment
Inflation	RPI at 2.5% CPI at 2%	Assumed long term inflation for planning purposes applied to expenditure items.
Rent policy	Yr 1: 1% reduction Yrs 2–5: CPI +1% Yr 6 on: CPI only	A conservative approach to rent increases as local authorities have flexibility under the self-financing regime.
Void rates	2.0%	Assumed long term void rate for planning
Bad debt provision (BDP)	£500k p.a.	Assumed long term bad debt provision required each year for planning
Interest on debt/balances	0.5% on balances held; 4.1% on new and rescheduled debt;	Reflects current rates available and potential for future increases as refinancing falls due.
RTB Receipts	17 property sales per annum throughout the plan.	Best estimate based on historical sales trends and expressions of interest.
Minimum operating reserves	£11m	Approximately 10% of turnover. Prudent in light of current economic and market risks.
Borrowing Cap	£333.5m	Until the details on the recent announcements on abolishing the borrowing cap are announced and enacted, this is the maximum level of borrowing which the HRA can undertake, thus limiting the ambition shown within the plan.

NB – Year 1 refers to 2019/20, year 2 refers to 2020/21 etc

## APPENDIX E – TABLE OF RISKS, IMPACTS AND MITIGATIONS

Risk	Impact	Mitigation
<p><b>Capital Receipts:</b></p> <p>The plan assumes estimated capital receipts of £467m will be generated and used to fund the development of new homes.</p>	<p>Any significant slippage in the timing or value of these receipts will pose a cash flow risk for staying within the borrowing limit.</p>	<p>Robust monitoring of the timing and expected value of the receipts will help inform management action to mitigate this risk. Management options identified above would need to be applied.</p>
<p><b>Rent Policy</b></p>	<p>If rents were only to increase annually by CPI after the 1% reduction period, not by CPI+1% as modelled, the impact would be significant and the plan would be unviable.</p>	<p>Lobbying is key to the success of avoiding this risk from happening in the first place. Regeneration spend would need to be significantly curtailed.</p>
<p><b>Interest rates</b></p>	<p>The rates assumed are between 4% and 5% on new borrowing throughout the plan. If interest rates were to rise this would have a significant adverse impact as the peak debt is only £3m less than the cap. Ignoring profiles of current fixed term loans, a 1% rise in interest would add £2-3m per annum to costs and increase debt levels further. This would compound annually.</p>	<p>The HRA has some fixed loans in place which would not be affected until they matured and needed to be replaced. Further fixed rate loans could be taken out to prevent uncontrolled increases. However, the scale and pace of regeneration may need to be reviewed.</p>
<p><b>Inflation</b></p>	<p>If inflation were to increase above that assumed by 1%, the Plan would no longer be viable over 30 years.</p>	<p>The increase in costs would be partially offset by increased income as this is also based on CPI inflation.</p> <p>The situation would not be uncontrolled as there would need to be a decision as to whether certain expenditure is still deemed affordable or</p>

Risk	Impact	Mitigation
		value for money. Management options identified above would also need to be applied.
<b>Capital Costs</b>	If the cost of construction and professional fees on the regeneration programme were to increase by 20% this would cost c£50m.	This is provided for within contingency on the regeneration scheme budgets. The central contingency could be drawn upon. Other general estates expenditure could be reprofiled.
<b>Welfare Reform:</b> Implementation of Universal Credit, benefit cap and other welfare reform changes.	May increase rent arrears which impacts HRA income.	More active/proactive debt management action may be required. Robust monitoring of service activity to act as an early warning.
<b>Brexit:</b> Adverse impacts on costs and values as a consequence of Brexit	There is increased uncertainty about the cost of projects due to changes in the cost of materials and labour arising from changes in the value of the pound relative to other currencies. Equally there are changes in the attractiveness of London as a residential investment, positively due to falls in the value of the pound and negatively from lack of access to Europe. These are highly uncertain and may lead to increased caution on the part of contractors and developers when bidding for work or assessing the risks/rewards of current projects.	A selection of current projects are being reviewed to identify and seek to quantify the impacts based on the best evidence available to highlight areas where further measures need to be taken.

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City of Westminster

## Cabinet

<b>Decision Maker</b>	Cabinet
<b>Date:</b>	15 October 2018
<b>Status:</b>	General Release
<b>Title:</b>	Treasury Management Strategy Statement for 2019/20 to 2023/24
<b>Wards Affected:</b>	All
<b>Policy Context:</b>	To manage the Council's finances prudently and efficiently.
<b>Cabinet Member</b>	Cabinet Member for Finance, Property and Regeneration
<b>Financial Summary:</b>	<p>The Annual Treasury Management Strategy Statement sets out the Council's strategy for ensuring that:</p> <ul style="list-style-type: none"><li>a. its capital investment plans are prudent, affordable and sustainable;</li><li>b. the financing of the Council's capital programme and ensuring that cash flow is properly planned;</li><li>c. cash balances are appropriately invested to generate optimum returns having regard to security and liquidity of capital.</li></ul>
<b>Report of:</b>	Steven Mair, City Treasurer <a href="mailto:smair@westminster.gov.uk">smair@westminster.gov.uk</a> 020 7641 2904

## **1. EXECUTIVE SUMMARY**

- 1.1 The Local Government Act 2003 requires the Council to 'have regard to' the Prudential Code for Capital Finance in Local Authorities and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. These are contained within this report.
- 1.2 The Act also requires the Council to set out a statement of its treasury management strategy for borrowing and to prepare an Annual Investment Strategy (as shown in Appendix 1). This sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. The Treasury Management Strategy Statement and Annual Investment Strategy must both have regard to guidance issued by the DCLG and must be agreed by the full Council.
- 1.3 This report sets out the Council's proposed Treasury Management Strategy Statement (TMSS) for the period 2019/20 to 2023/24, and Annual Investment Strategy (AIS) for the year ended 31 March 2020, together with supporting information.
- 1.4 The TMSS and AIS form part of the Council's overall budget setting and financial framework, and will be finalised and updated as work on the Council's 2019/20 budget is progressed in January and February 2019.

## **2. RECOMMENDATIONS**

- 2.1 The Cabinet is asked to approve:
  - the Treasury Management Strategy Statement;
  - the borrowing strategy and borrowing limits for 2019/20 to 2023/24 set out in sections 5 to 7;
  - the prudential Indicators set out in section 8;
  - the Annual Investment strategy and approved investments set out in Appendix 1;
  - the Minimum Revenue Provision Policy set out in Appendix 2.

## **3. REASONS FOR DECISIONS**

- 3.1 To comply with the Local Government Act 2003, other regulations and guidance and to ensure that the Council's borrowing and investment plans are prudent, affordable and sustainable and comply with statutory requirements.

## **4. BACKGROUND INFORMATION**

- 4.1 The Council is required to operate a balanced budget, which broadly means that monies received during the year will cover expenditure. The function of treasury management is to ensure that:
  - the Council's capital programme and corporate investment plans are adequately funded;
  - cash is available when it is needed on a day to day basis, to discharge the Council's legal obligations and deliver Council services;
  - surplus monies are invested **Page 564** and wisely.

- 4.2 The Council has formally adopted CIPFA's Code of Practice on Treasury Management, and follows the key requirements of the Code as set out in Appendix 3.
- 4.3 The TMSS covers three main areas summarised below:
- 4.3.1 Capital spending**
- Capital spending plans
  - Other investment opportunities
  - Capital Finance Requirement (CFR)
  - Affordability
  - The Minimum Revenue Provision (MRP) policy (Appendix 2)
- 4.3.2 Borrowing**
- Overall borrowing strategy
  - Prospect for interest rates
  - Limits on external borrowing
  - Maturity structure of borrowing
  - Policy on borrowing in advance of need
  - Forward Borrowing
  - Debt rescheduling
- 4.3.3 Managing cash balances**
- The current cash position and cash flow forecast
  - Prospects for investment returns
  - Council policy on investing and managing risk
  - Balancing short and longer term investments
  - Improving investment returns
- 4.4 The Annual Investment Strategy (AIS) at Appendix 1 provides more detail on how the Council's surplus cash investments are to be managed in 2019/20. Approved schedules of specified and non-specified investments will be updated following consideration by Members and finalisation of 2019/20 budget plans.

## TREASURY MANAGEMENT STRATEGY STATEMENT

### 5. SECTION 1 - CAPITAL SPENDING

#### Capital spending plans

- 5.1 Table 1 summarises the Council's capital expenditure plans, both in terms of those agreed previously, and those forming part of the current budget cycle. The table sets out the Council's current expectations reference the revenue or capital financing.
- 5.2 Compared with the forecast in the original 2018/19 TMSS, General Fund capital spend has slipped back by around £139m in 2018/19 revised budget and there remains an element of further slippage in future years. The risks are that:
- continued slippage in new starts will push borrowing requirements to later years when interest rates are forecast to be higher than currently;
  - slippage in the programme of capital receipts may increase the need to borrow in the medium-term.

**Table 1 Capital spending and funding plans**

2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
Actual		Forecast	Estimate	Estimate	Estimate	Estimate	Estimate	
£m		£m						
<b>Expenditure</b>								
235	General Fund	305	344	341	329	225	132	1,676
82	HRA	126	182	151	112	134	83	788
<b>317</b>		<b>431</b>	<b>526</b>	<b>492</b>	<b>441</b>	<b>359</b>	<b>215</b>	<b>2,464</b>
<b>Funding</b>								
<b>General Fund</b>								
93	Grants & Contributions	135	71	55	20	17	12	310
23	Capital Receipts Applied	96	0	48	43	9	194	390
<b>HRA</b>								
11	Grants & Contributions	24	45	28	18	40	3	<b>158</b>
32	Capital Receipts Applied	45	55	60	71	70	57	<b>358</b>
23	Major Repairs Reserve	23	23	243	23	24	23	<b>140</b>
16	Revenue Financing	34	12	15	0	0	0	<b>61</b>

198		357	206	230	175	160	289	1,417
119	<b>Net financing need for the year</b>	74	320	262	266	199	(74)	1,047

### Other investment opportunities

- 5.3 As well as investing in assets owned by the Council and used in the delivery of services, the Council also invests, where appropriate, in:
- infrastructure projects, such as green energy;
  - loans to third parties;
  - shareholdings in limited companies and joint ventures.
- 5.4 Such investments are treated as expenditure for treasury management and prudential borrowing purposes even though they do not create physical assets in the Council's accounts. Appropriate budgets in respect of these activities are agreed as part of the Council's budget setting and ongoing monitoring processes and considered as part of the Investment Strategy.
- 5.5 In addition the Council has a substantial commercial property portfolio which forms part of the investment strategy. In previous years, the Council has invested in traditional asset classes of offices, retail and industrial/logistics, which meet the Council's requirements for the income to be secure and reliable and the investments low risk.
- 5.6 Following a Cabinet decision in late 2015, the Council allocated funds to invest in commercial property partnership fund that commenced in 2016/17 (£50m) and 2017/18 (£50m). The aim is to diversify the property portfolio into sectors that have historically been considered alternatives but are increasingly being viewed as mainstream. The strategy focuses on increasing the income generated by the Council from its property holdings, while also meeting statutory service requirements and improving the quality of the Council's current portfolio.
- 5.7 The Council has also invested £15m (2017/18), with a further £15m approved in 2018/19 within the overall context of the Council's annual investment strategy in a residential housing partnership with LB Lambeth and LB Croydon.

### Capital Financing Requirement (CFR)

- 5.8 The CFR measures the extent to which capital expenditure has not yet been financed from either revenue or capital resources. Essentially it measures the Council's underlying borrowing need. Each year, the CFR will increase by the amounts of new capital expenditure not immediately financed.
- 5.9 Table 2 overleaf shows that the CFR will increase over the medium term. Consequently, the capital financing charge to revenue will increase, reflecting the capital spending plans.

**Table 2 Capital Financing Requirement forecast**

2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Actual		Forecast	Estimate	Estimate	Estimate	Estimate	Estimate
£m		£m	£m	£m	£m	£m	£m
<b>CFR as at 31 March</b>							
373	General Fund	446	719	957	1,223	1,422	1,348
261	HRA	261	308	333	333	332	333
<b>634</b>		<b>707</b>	<b>1,027</b>	<b>1,290</b>	<b>1,556</b>	<b>1,754</b>	<b>1,681</b>
<b>Annual Charge</b>							
119	General Fund	74	273	238	266	199	(74)
(0)	HRA	0	47	24	0	0	(0)
<b>119</b>		<b>74</b>	<b>320</b>	<b>262</b>	<b>266</b>	<b>199</b>	<b>(74)</b>
<b>Reason for Change</b>							
126	Net financing	76	327	273	281	223	(49)
(7)	Less MRP	(3)	(7)	(11)	(15)	(24)	(26)
<b>119</b>		<b>74</b>	<b>320</b>	<b>262</b>	<b>266</b>	<b>199</b>	<b>(74)</b>

5.10 Table 3 below confirms that the Council's gross debt does not exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for current year and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

**Table 3 Borrowing compared to the Capital Financing Requirement**

2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Actual		Forecast	Estimate	Estimate	Estimate	Estimate	Estimate
£m		£m	£m	£m	£m	£m	£m
251	Gross Projected Debt	223	223	208	448	682	672
634	Capital Financing Requirement	708	1,028	1,290	1,556	1,755	1,681
<b>383</b>	<b>Under / (over) borrowing</b>	<b>485</b>	<b>805</b>	<b>1,082</b>	<b>1,108</b>	<b>1,073</b>	<b>1,009</b>

**Affordability**

5.11 The objective of the affordability indicators is to ensure that the level of investment in capital assets proposed remains within sustainable limits and, in particular, the impact on the Council's "bottom line". Table 4 below sets out the expected ratio of capital financing costs to income for both General Fund and HRA activities:

**Table 4 Ratio of capital financing costs to income**

2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Actual		Forecast	Estimate	Estimate	Estimate	Estimate	Estimate
%		%	%	%	%	%	%
0.68	General Fund	(3.38)	(2.33)	(0.61)	5.74	15.17	17.28
30.11	HRA	30.31	30.77	31.82	31.92	30.50	31.02

5.12 For the next two years, gross capital financing charges (loan interest, MRP and finance and PFI payments) for the General Fund capital programme are largely outweighed or balanced by income from investments and the commercial property portfolio. However, in future years the Council will begin to incur increasing capital financing charges in line with the forecast increase in the General Fund CFR in Table 2.

5.13 The capital financing charges arising from the HRA capital programme increase in line with the forecast increase income, hence capital charges as a proportion of the HRA net revenue stream remain fairly steady.

## **6. SECTION 2 - BORROWING**

### **Overall borrowing strategy**

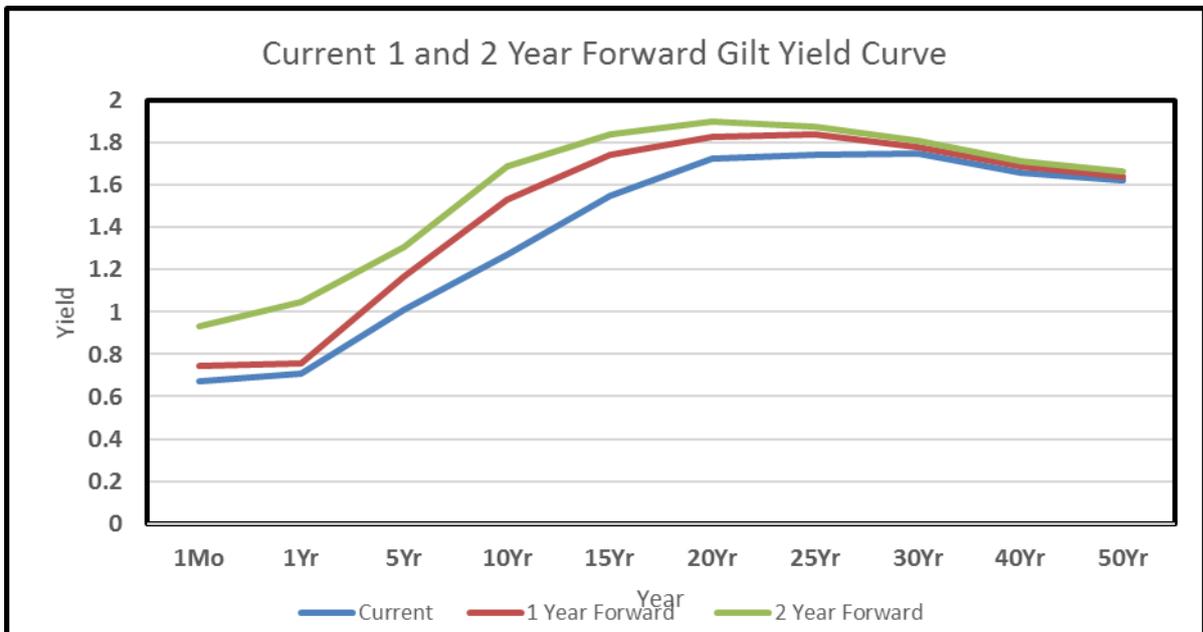
6.1 The Council's main objective when borrowing money is to strike an appropriate balance between securing low interest costs and achieving cost certainty over the period for which funds are required. Given the significant cuts to public expenditure and, in particular, to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the long-term stability of the debt portfolio. The key factors influencing the 2019/20 strategy are:

- forecast borrowing requirements,
- the current economic and market environment, and
- interest rate forecasts.

6.2 The Council is currently maintaining an under-borrowed position. This means that capital expenditure has not been fully funded from loan debt as other funding streams (such as government grants and third party contributions, use of Council reserves and cash balances and capital receipts) have been employed where available. This policy has served the Council well over the last few years while investment returns have been low and counterparty risk has been relatively high.

### **Prospects for Interest Rates**

6.3 The borrowing position needs to be kept under review to avoid incurring higher borrowing costs in future years when the Council may not be able to avoid new borrowing to finance capital expenditure and/or to refinance maturing debt. Market commentators are forecasting no increase in interest rates across all maturities for 12 months (see graph below). Any increase is then predicted to be gradual 0.25% increases rather than a material change. More detail on their interest rate forecasts is at Appendix 4.



Source: Bloomberg

- 6.4 Against this background and the risks within the economic forecast, caution will be adopted with the 2019/20 and beyond treasury borrowing decisions. The Treasury Management team will continue to monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances (within their approved remit).
- 6.5 If it were considered that there was a significant risk of a sharp fall in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
- 6.6 In the event that interest rates rose beyond the forecast used in the capital programme, the revenue interest cost to the Council would increase. A rise of an extra 1% per year during the Council's peak borrowing period of 2021/22 to 2022/23 would cost an additional £4.7m in interest payments per annum from 2023/24.

**Table 5 The Council's balance sheet position at 31 March 2018**

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m	£m
<b>Capital Financing Requirement (CFR)</b>	<b>634</b>	<b>708</b>	<b>1,028</b>	<b>1,290</b>	<b>1,556</b>	<b>1,755</b>	<b>1,681</b>
<b>Other Long term liabilities</b>							
Service concessions	(9)	(8)	(7)	(7)	(6)	(6)	(6)
Leases	(47)	(46)	(45)	(44)	(43)	(43)	(42)
<b>Underlying Borrowing Requirement</b>	<b>578</b>	<b>654</b>	<b>976</b>	<b>1,239</b>	<b>1,507</b>	<b>1,706</b>	<b>1,633</b>
<b>External Borrowing*</b>	<b>251</b>	<b>223</b>	<b>223</b>	<b>208</b>	<b>448</b>	<b>682</b>	<b>672</b>
<b>Under borrowing /Internal borrowing</b>	<b>327</b>	<b>430</b>	<b>752</b>	<b>1,031</b>	<b>1,059</b>	<b>1,024</b>	<b>961</b>

Service concessions (note 25 2018/19 accounts). Leases relates to car parking at City Hall/Portman Square.

### Limits on external borrowing

6.7 The Prudential Code requires the Council to set two limits on its total external debt, as set out in Table 6 below. The Authorised Limit has been increased in line with the CFR. The limits are:

- **Authorised Limit for External Debt (Prudential Indicator 6a)** – This is the limit prescribed by section 3(1) of the Local Government Act 2003 representing the maximum level of borrowing which the Council may incur. It reflects the level of external debt which, while not desired, could be afforded in the short term, but may not be sustainable in the longer term.
- **Operational Boundary (Prudential Indicator 6b)** – This is the limit which external debt is not normally expected to exceed. The boundary is based on current debt plus anticipated net financing need for future years.

**Table 6 Overall borrowing limits**

2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Actual		Forecast	Estimate	Estimate	Estimate	Estimate	Estimate
£m		£m	£m	£m	£m	£m	£m
<b>Authorised Limit:</b>							
<b>634</b>	<b>Borrowing and other long term liabilities</b>	<b>708</b>	<b>1,028</b>	<b>1,290</b>	<b>1,556</b>	<b>1,755</b>	<b>1,681</b>
<b>Operational Boundary:</b>							
251	Borrowing	223	223	208	448	682	672
56	Other long term liabilities	54	52	51	50	48	47
<b>307</b>	<b>Operational Boundary</b>	<b>277</b>	<b>275</b>	<b>259</b>	<b>498</b>	<b>730</b>	<b>719</b>

6.8 In addition, borrowing for the HRA has to remain within the HRA Debt Limit (prescribed in the HRA Self-Financing Determinations 2012) as detailed in the table below. Borrowing for the HRA is measured by the HRA CFR.

**Table 7 HRA borrowing**

2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Actual		Forecast	Estimate	Estimate	Estimate	Estimate	Estimate
£m		£m	£m	£m	£m	£m	£m
334	HRA Debt Limit	334	334	334	334	334	334
261	HRA CFR	261	308	333	333	333	333
<b>73</b>	<b>Headroom</b>	<b>73</b>	<b>25</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

6.9 The City Treasurer reports that the Council complied with these indicators in the current year and does not envisage difficulties for the future.

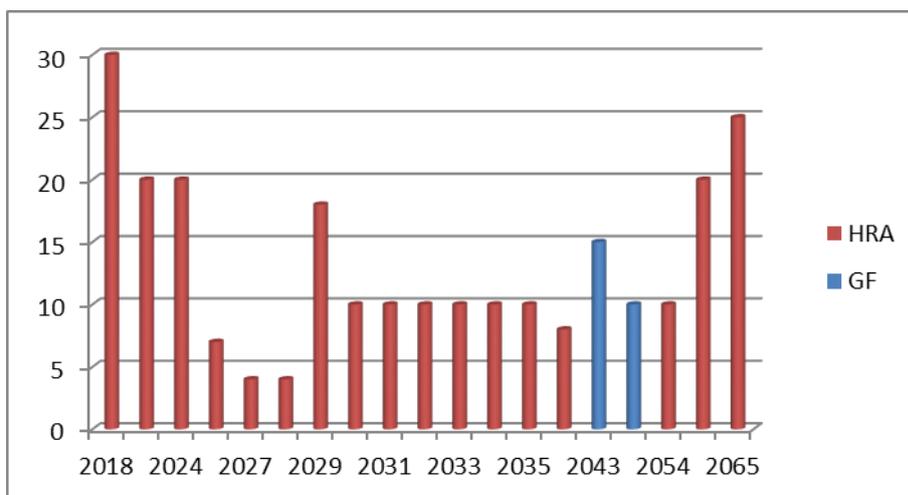
**Maturity structure of borrowing (Prudential Indicator 9)**

6.10 Managing the profile of when debt matures is essential for ensuring that the Council is not exposed to large fixed rate sums falling due for refinancing within a short period, and thus potentially exposing the Council to additional cost. Table 8 below sets out current upper and lower limits for debt maturity which are unchanged from 2018/19. The chart below shows the principal repayment profile for current council borrowing remains within these limits.

**Table 8 Debt maturity profile limits**

Actual Maturity at 31 December 2018	Duration	Upper Limit	Lower Limit
0	Under 12 months	40	0
0	12 Months and within 24 Months	35	0
9	24 Months and within 5 years	35	0
16	5 Years and Within 10 Years	50	0
100	10 Years and Above	100	35

**Maturity profile of long-term borrowing**



- 6.11 The Council has £70 million of LOBO (Lender Option Borrower Option) debt, none of which matures in the near future. Were the lender to exercise their option, officers will consider accepting the new rate of interest or repaying (with no penalty). Repayment of the LOBO may result in a need for refinancing.
- 6.12 In the event that there is a much sharper rise in long and short term rates than currently forecast, then the balance of the loan portfolio will be revisited with a view to taking on longer term fixed rate borrowing in anticipation of future rate rises.

**Policy on Borrowing in Advance of Need**

- 6.13 The Council has the power to borrow in advance of need in line with its future borrowing requirements under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.
- 6.14 Risks associated with any borrowing in advance of activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

**Forward Borrowing**

- 6.15 The Council's net funding requirement is expected to be in the region of £1.9bn over the next ten to 15 years, due to the planned extensive capital programme (see Table

1). This requirement is net of all revenue contributions, grants and capital receipts expected to be applied. The capital programme report, elsewhere on the agenda, seeks approval to go ahead with this.

- 6.16 Currently, the cost of borrowing is close to all-time lows and the Council can afford to borrow at fixed interest rates. There is uncertainty about how interest rates may move in the future, with the first rate rise since 2007 having occurred on 2 November 2017 and a further rise on 2 August 2018. The current market position does not expect any dramatic interest rate movements in the short term and there is still the potential for interest rates to fall back again in the future, given economic uncertainty surrounding the UK exiting from the European Union.
- 6.17 The Council has the ability to borrow at a future date for an agreed price now. This is appropriate for when the Council knows that it will be required to borrow in the future and wishes to lock in certainty of interest rate cost. The reason for doing this is that the cost of borrowing can fluctuate and may increase for the Council over a period of time. The Council will incorporate this option as part of a wider borrowing strategy, and will elect to forward borrow if it deems it to be a value for money option.
- 6.18 A balance will need to be struck between locking in affordability over the medium term to protect against interest rate rises, but not to borrow unnecessarily early, placing undue interest expense on the general fund. The key factors will be the potential trajectory of future interest rates changes and aligning the cash flow forecast with the expected capital spend, thus looking at where future borrowing needs will arise. The net cost of the interest on any loans that are not yet deployed to funding expenditure is known as “the cost of carry” and it is the Council’s intention to minimise this as far as possible.

### **Debt Rescheduling**

- 6.19 As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the cost of debt repayment (premiums incurred).
- 6.20 The reasons for any rescheduling to take place will include:
- generating cash savings and / or discounted cash flow savings;
  - helping to fulfil the treasury strategy; and
  - enhancing the balance of the portfolio by amending the maturity profile and/or the balance of volatility.
- 6.21 Consideration will also be given to identifying the potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.
- 6.22 Any rescheduling will be reported.

## 7. SECTION 3 - MANAGING CASH BALANCES

### The current cash position and cash flow forecast

- 7.1 Table 9 below shows that cash balances have increased by £146m in the past five months which is mainly due to income such as council tax, business rates and grants received in advance. This is expected to be closer to £1bn by year end.

**Table 9 Cash position at 31 July 2018**

As at 31 March 2018			As at 31 August 2018	
Principal	Average Rate		Principal	Average Rate
£m	%		0	%
<b>Investments</b>				
992	0.56	Specified	1,138	0.85
0	0.00	Non-Specified	0	0
<b>992</b>	<b>1</b>	<b>Total</b>	<b>1,138</b>	
<b>Borrowing</b>				
181	4.75	Public works loan Board	153	3.85
70	5.08	Market Loans	70	5.08
<b>251</b>		<b>Total</b>	<b>223</b>	

- 7.2 The medium-term cash flow forecast (see below) shows that the Council has a substantial positive cash flow position with an average cash position fluctuating around £500m for the medium-term. The reason for the high cash balance is largely due to capital program slippage and business rates and the amount held pending rating appeals of which are uncertain, and have been excluded from the table below.

**Table 10 Medium-term cashflow forecast**

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	Forecast	Estimate	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m
<b>Balance at 1 April</b>	<b>992</b>	<b>906</b>	<b>403</b>	<b>75</b>	<b>(3)</b>	<b>(69)</b>
<b>Movement in Cash</b>						
Capital Receipt	141	55	108	114	79	251
Grants & Contributions	159	116	83	38	57	15
Revenue Financing / MRR	57	35	39	23	24	23
<b>Cash In</b>	<b>357</b>	<b>206</b>	<b>230</b>	<b>175</b>	<b>160</b>	<b>289</b>
Other Cash movements	66	(175)	(45)	(149)	(52)	54
HRA cash movements	(48)	(8)	(6)	77	(14)	1
Capital Programme	(431)	(526)	(492)	(441)	(359)	(215)
<b>Cash Out</b>	<b>(413)</b>	<b>(709)</b>	<b>(543)</b>	<b>(513)</b>	<b>(425)</b>	<b>(160)</b>
Borrowing	0	0	0	266	199	0
Repayment of debt	(30)	0	(15)	(5)	0	(10)
<b>Balance 31 March</b>	<b>906</b>	<b>403</b>	<b>75</b>	<b>(3)</b>	<b>(69)</b>	<b>50</b>
<b>Average Balance</b>	<b>949</b>	<b>655</b>	<b>239</b>	<b>36</b>	<b>(36)</b>	<b>(9)</b>

7.3 The Council aims to manage daily cash flow peaks and troughs to achieve a nil current account balance throughout the year. As such the average yearly surplus cash balances should be fully invested throughout.

#### **Prospects for investment returns**

7.4 Investment returns on cash-based deposits are likely to increase slightly in 2019/20 and beyond, on the back drop of the bank base rate rising to 0.75% on 2 August 2018. Borrowing interest rates are on a slight increased trend over the next few years; they fell sharply to historically low levels after the EU exit referendum and then even further after the MPC meeting of August 2016 when a new package of quantitative easing purchasing of gilts was announced. As inflationary pressures have mounted in the past year, the prospect of further interest rate rises have now increased. However, despite the 2 August 2018 Bank of England increase of the base rate from 0.50% to 0.75%, the PWLB 50-year loan rate has stayed steady at around 2.50%.

7.5 Gilt yields could turn volatile over concerns around a 'hard Brexit' (arising from no trade deal with the EU), any resultant fall in the value of sterling, and an increase in inflation expectations. The Council is therefore committed to investigating asset backed securities (ABS) and other alternatives to cash based investments where it is considered prudent to do so.

## Council policy on investing and managing risk

- 7.6 The aim is to manage risk and reduce the impact of any adverse movement in interest rates on the one hand but, at the same time, not setting the limits to be so restrictive that they impair opportunities to reduce costs or improve performance.

### Balancing short and longer term investments

- 7.7 During the first half of 2018/19, there were no investment of surplus funds exceeding 364 days. This means the Council remains well within the upper limit for such investments of £450m.

**Table 11 Investment limit**

2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Actual		Forecast	Estimate	Estimate	Estimate	Estimate	Estimate
£m		£m	£m	£m	£m	£m	£m
<b>Upper limit for fixed interest rate exposure</b>							
634	Net principal re fixed rate borrowing	708	1,028	1,290	1,556	1,755	1,681
<b>Upper Limit for variable rate exposure</b>							
0	Net Principal for variable rate borrowing	0	0	0	0	0	0
73	Upper Limit for principal sums invested for more the 364 days	450	450	450	450	450	450

### Improving Investment Returns

- 7.8 An Investment Executive was set up to ensure that the Council made best use of its resources and ensure value for money was being achieved in its investment strategy. The task force contains both Council Members and Officers.
- 7.9 The task force met on 3 September 2018 to perform an in depth review on the Council's wider investment framework document and provide suggestions improvements. The review looked at the council's property portfolio, short and long term treasury investments, governance arrangements and the impact of investing in the pension fund.

7.10 As part of the meeting, the following recommendations were made (all conform to the existing 2018/19 TMSS):

- With regard to the treasury portfolio, to agree the increased allocation to local authorities, on the basis that local authorities were more secure counterparties than UK or overseas banks. Prior to agreement with a local authority, a due diligence process will analyse the latest accounts, external audit opinion, monitoring statements and reputational issues arising from media comment or press releases.
- To agree to change the allocation (greater amount) for liquid funds (up to 12 months) and longer term cash investment (lower amount). Given the cash flow requirements dictated by the capital programme, the agreement of the Investment Executive was to move from 10% to 44% reference the more liquid aspects of the portfolio. And alternatives to move from 40% to 13%.
- To agree to proposed changes to the investment strategy using a two-year time period, with security and liquidity utmost in the investment process, prioritised over yield.

7.11 These recommendations remain under review in relation to the investment framework and investment governance arrangements going forward.

7.12 The Task Force will meet on a quarterly basis.

## **8. SUMMARY OF PRUDENTIAL INDICATORS (PIs)**

8.1 The purpose of prudential indicators (PIs) is to provide a reference point or “dashboard” so that senior officers and Members can:

- easily identify whether approved treasury management policies are being applied correctly in practice and
- take corrective action as required.

8.2 As the Council’s S151 officer, the City Treasurer has a responsibility to ensure that appropriate PIs are set and monitored and that any breaches are reported to Members.

8.3 The City Treasurer has confirmed that the PIs set out below are all expected to be complied with in 2018/19 and he does not envisage at this stage that there will be any difficulty in achieving compliance with the suggested indicators for 2019/20.

PI ref	Para ref		2017/18 Actual	2018/19 forecast	2019/20 proposed
1	5.2	Capital expenditure	£317m	£431m	£526m
2	5.8	Capital Financing Requirement (CFR)	£634m	£707m	£1,027m
3	5.9	Net debt vs CFR	£383m underborrowing	£485m underborrowing	£805m underborrowing
4	5.10	Ratio of financing costs to revenue stream	GF 0.68% HRA 30.11%	GF (3.38)% HRA 30.31%	GF (2.33)% HRA 30.77%
5a	6.7	Authorised limit for external debt	£634m	£804m	£1,077m
5b	6.7	Operational debt boundary	£307m	£277m	£275m
5c	6.8	HRA debt limit	£334m	£334m	£334m
6	7.3	Working capital balance	£0m	£0m	£0m
7a	7.7	Upper limit for variable interest rate borrowing	£0m	£0m	£0m
7b	7.7	Upper limit for fixed interest rate borrowing	£634m	£708m	£1,028m
7c	7.7	Limit on surplus funds invested for more than 364 days (i.e. non-specified investments)	£450m	£450m	£450m
8	6.10	Maturity structure of borrowing	12%	Upper limit under 12 months - 40%	Upper limit under 12 months - 40%
			68%	Lower limit 10 years and above - 35%	Lower limit 10 years and above - 35%

## 9. LEGAL IMPLICATIONS

9.1 The Director of Law comments that the legal requirements are set out in the 2003 Act, and in the subordinate legislation. The City Treasurer, as Section 151 officer, has confirmed (paragraph 8.3) that the PIs are expected to be met in the current year.

Legal comments added by Angela Hogan, Senior Solicitor, 020 7361 2211

## 10. APPENDICES

- 1 Annual Investment Strategy
- 2 Minimum Revenue Provision (MRP) Policy
- 3 CIPFA Requirements
- 4 Prospect for Interest Rates/ Economic Update

## **BACKGROUND PAPERS**

Treasury Management Strategy Statement 2018/19 (Approved by Council March 2018)

1. Section 3 Local Government Act 2003
2. Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended
3. MHCLG Guidance on Minimum Revenue Provision (fourth edition) February 2018
4. MHCLG Capital Finance Guidance on Local Government Investments February 2018
5. CIPFA Prudential Code for Capital Finance in Local Authorities, 2017
6. CIPFA Treasury Management Code of Practice, 2017

**If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:**

**Steven Mair, City Treasurer**

**Tel: 020 7641 2904**

**Email: [smair@westminster.gov.uk](mailto:smair@westminster.gov.uk)**

**ANNUAL INVESTMENT STRATEGY**

1. The Council holds significant invested funds, representing income received in advance of expenditure, balances and reserves. During the first half of the current year, the Council's average investment balance has been around £1,184m and the cash flow projections show this pattern is expected to continue in the forthcoming year. Investments are made with reference to the core balance, future cash flow requirements and the outlook for interest rates.
2. The Council's investment policy has regard to the DCLG's Guidance on Local Government Investments ("the Investment Guidance") and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then yield.
3. In accordance with the above guidance and to minimise the risk to investments, the Council applies minimum acceptable credit criteria to generate a list of highly creditworthy counterparties which will provide security of investments, enable diversification and minimise risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

**Investment returns expectations**

4. The Bank Rate was cut in August 2016 from 0.50% to 0.25%. Subsequently the MPC has now increased the Bank Rate by 0.25% to 0.50% in November 2017 and a further 0.25% to 0.75% in August 2018. The question still remains as to whether or not they will stop at this point for a lengthy pause, or will launch into a series of further rate increases in 2019 and beyond as Brexit uncertainties remain. The Bank Rate forecasts for financial year ends (March) are:

2018/19: 0.75%

2019/20: 1.00%

2020/21: 1.25%

2021/22: 1.50%

2022/23: 2.00%

5. The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year are as follows

2018/19: 0.75%

2019/20: 0.75%

2020/21: 1.00%

2021/22: 1.25%

2022/23: 1.50%

**Investment time limits**

6. This limit is set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment. For the year 2019/20, the proposed limit of investments for over 364 days is £450m as set out in table 11 of the TMSS.

## Investment Policy

7. The Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to assess continually and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.
8. Other information sources used will include the financial press, share price and other such information pertaining to the banking sector to establish the most robust scrutiny process on the suitability of potential investment counterparties and the impact of Brexit on a potential counterparty.

## Creditworthiness Policy

9. The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:
  - it maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security and monitoring their security; and
  - it has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
10. The City Treasurer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to those which determine which types of investment instrument are either specified or non-specified as they provide an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.
11. The Council takes into account the following relevant matters when proposing counterparties:
  - the financial position and jurisdiction of the institution;
  - the market pricing of credit default swaps<sup>1</sup> for the institution;
  - any implicit or explicit Government support for the institution;
  - Standard & Poor's, Moody's and Fitch's short and long term credit ratings;
  - sovereign ratings to select counterparties from only the most creditworthy countries; and
  - core Tier 1 capital ratios<sup>2</sup>.

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<sup>1</sup> Credit Default Swaps (CDS) are tradable instruments where the buyer receives a pay-out from the seller if the party to whom the CDS refers (often a financial institution) has a "credit event" (e.g. default, bankruptcy, etc.). The price of the CDS gives an indication to the market's view of likelihood – the higher the price the more likely the credit event.

<sup>2</sup> The Tier 1 capital ratio is the ratio of a bank's core equity capital to its total risk-weighted assets (RWA). Risk-weighted assets are the total of all assets held by the bank weighted by credit risk according to a formula determined by the Regulator (usually the country's central bank). Most central banks follow the Basel Committee on Banking Supervision (BCBS) guidelines in setting formulae for asset risk weights.

12. Changes to the credit rating will be monitored and in the event that a counterparty is downgraded and does not meet the minimum criteria specified in Appendix 1, the following action will be taken immediately:
- no new investments will be made;
  - existing investments will be recalled if there are no penalties; and
  - full consideration will be given to recall or sale of existing investments which would be liable to penalty clause.

### **Specified and Non-specified investments**

13. The DCLG Guidance on Local Government Investments made under section 15(1) of the Local Government Act 2003, places restrictions on local authorities around the use of specified and non-specified investments. A specified investment is defined as an investment which satisfies all of the conditions below:
- the investment and any associated cash flows are denominated in sterling;
  - the investment has a maximum maturity of one year;
  - the investment is not defined as capital expenditure; and
  - the investment is made with a body or in an investment scheme of high credit quality; or with the UK Government, a UK Local Authority or parish/community council.
14. A non-specified investment is any investment that does not meet all the conditions above. In addition to the long-term investments listed in the table at the end of Appendix 1, the following non-specified investments that the Council may make include:
- **Green Energy Bonds** - Investments in solar farms are a form of Green Energy Bonds that provide a secure enhanced yield. The investments are structured as unrated bonds and secured on the assets and contracts of solar and wind farms. Before proceeding with any such investment, internal and external due diligence will be undertaken in advance of investments covering the financial, planning and legal aspects.
  - **Social Housing Bonds** – Various fund managers facilitate the raising of financing housing associations via bond issues. The investment is therefore asset backed and provides enhanced returns. Officers will need to undertake due diligence on each potential investment in order to understand the risks and likelihood of default.
  - **Asset Backed Securities (ABS) / Residential Mortgage backed securities (RMBS)** – As these securities by their nature are asset backed they are regarded as low risk should a default take place, but have a higher return. These are available for direct investment, or as pooled / segregated assets managed by a third party fund manager. In the event of a fund manager option being selected, this would need to be procured through a proper procurement process.
  - **Loans** - The Council will allow loans (as a form of investment) to be made to organisations delivering services for the Council where this will lead to the enhancement of services to Westminster Stakeholders. The Council will

undertake due diligence checks to confirm the borrower's creditworthiness before any sums are advanced and will obtain appropriate levels of security or third party guarantees for loans advanced. The Council would expect a return commensurate with the type, risk and duration of the loan. A limit of £50 million for this type of investment is proposed with a duration commensurate with the life of the asset and Council's cash flow requirements. All loans will need to be in line with the Council's Scheme of Delegation and Key Decision thresholds levels

➤ **Shareholdings in limited companies and joint ventures** – The Council invests in three forms of company:

- Small scale businesses funded through the Civic Enterprise Fund aimed at promoting economic growth in the area. Individual investments are no more than £0.5m and the aim is for the Fund to be self-financing over the medium-term.
- Trading vehicles which the Council has set up to undertake particular functions. These are not held primarily as investments but to fulfil Council service objectives. For example, CityWest Homes is a company limited by guarantee to run the housing arms-length management organisation. Any new proposals will be subject to due diligence as part of the initial business case. As these are not to be held primarily as investment vehicles, then there is an expectation that they will break even.
- Trading vehicles held for a commercial purpose where the Council is obliged to undertake transactions via a company vehicle. These will be wholly owned subsidiaries of the Council with the aim of diversifying the investment portfolio risk.

15. For any such investments, specific proposals will be considered by the Director of Treasury and Pensions, and approved by the S151 Officer after taking into account:

- cash flow requirements
- investment period
- expected return
- the general outlook for short to medium term interest rates
- creditworthiness of the proposed investment counterparty
- other investment risks.

16. The value of non-specified investments will not exceed their Investment allocation. The Council must now formulate a strategy that allocates its cash in the most effective manner to short, medium and long term non-specified investments.

**Country of Domicile**

17. The current TMSS allows deposits / investments with financial entities domiciled in the following countries: Australia, Canada, Denmark, Finland, France, Germany, Luxembourg, Netherlands, Norway, Singapore, Sweden, Switzerland, UK and USA. This list will be kept under review and any proposed changes to the policy reported to the next meeting

### **Schedule of investments**

18. The criteria for providing a pool of high quality short, medium and long-term, cash-based investment counterparties along with the time and monetary limits for institutions on the Council's counterparty list are in the table overleaf:
19. Officers will monitor the impact of the UK's exit from the European Union on the names within the Council's counterparty list.

**All investments listed below must be sterling denominated\***

<b>Investments</b>	<b>Minimum Credit Rating Required (S&amp;P/Moody's/Fitch)</b>	<b>Maximum Individual Counterparty Investment Limit (£m)</b>	<b>Maximum tenor</b>
DMO Deposits	Government Backed	Unlimited	6 months
UK Government (Gilts/T-Bills/Repos)	Government Backed	Unlimited	Unlimited
Supra-national Banks, European Agencies	LT: AA/Aa/AA	£200m	5 years
Covered Bonds	LT: AA/Aa/AA	£300m	10 years
Network Rail	Government guarantee	Unlimited	Oct 2052
TfL	LT: AA/Aa/AA	£100m	5 years
GLA UK Local Authorities (LA)  Local Government Association (LGA)	N/A	GLA : £100M	5 years
		LA: £100m per LA, per criteria £500m in aggregate	3 years
		LGA: £20m	15 years
Commercial Paper issued by UK and European Corporates	ST: A-1/P-1/F-1	£40m per name, £200m in aggregate	6 months
Money Market Funds (MMF)	LT: AAA/Aaa/AAA By at least two of the main credit agencies	£70m per Fund Manager £300m in aggregate	3 day notice
Ultra Short Dated Bond Funds (USDBFs)	LT: AAA/Aaa/AAA By at least one of the main credit agencies	£25m per fund manager, £75m in aggregate	Up to 7 day notice
Collateralised Deposits	Collateralised against loan	£100m	50 years
Social Housing Bonds	Due Diligence	£200m	10 years
Asset backed securities (ABS) and Residential mortgage backed securities (RMBS)	Asset Backed / Due Diligence	£200m	10 years
UK Bank (Deposit or Certificates of Deposit)	LT: AA-/Aa3/AA- ST: F1+	£75m	5 years
UK Bank (Deposit or Certificates of Deposit)	LT: A-/A3/A ST: F1	£50m	3 years
Non-UK Bank (Deposit or Certificates of Deposit)	LT: AA-/Aa2/AA- ST: F1+	£50m	5 years
	LT: A/A2/A ST: F1	£35m	3 years
Green Energy Bonds	Internal and External due diligence	Less than 25% of the total project investment or maximum £20m per bond. £50m in aggregate	10 years
Rated UK Building Societies	LT: A-/A3/A ST: F1	£10m per Building Society, £50m in aggregate	1 year
Loans to organisations delivering services for the Council	Due diligence	£50m in aggregate	Over the life of the asset
<b>Sovereign approved list (AA rated and above):</b> Australia, Canada, Denmark, Finland, France, Germany, Luxembourg, Netherlands, Norway, Singapore, Sweden, Switzerland, UK and USA			

## Rationale for investment limits

19. Debt Management Office (DMO): Unlimited. The DMO is an executive agency of Her Majesty's Treasury. Being fully UK government backed, the DMO is the ultimate low risk depository. Being ultra-low risk, the investment return is very low.
20. UK Government Gilts/T-Bills/Repos: Unlimited. UK Government gilts are regarded by the market as high quality and ultra-low risk. Being ultra-low risk, the investment return is very low.
21. Supra-national Banks, European Agencies: £200m limit. A supra-national bank is a financial institution, such as the European Investment Bank or the World Bank, whose equity is owned by sovereign states. Being owned by overseas states, they are regarded as being very low risk, but not in the same safe risk category as UK. The investment return is very low.
22. Covered Bonds: £300m limit. Covered bonds are debt securities issued by a bank or mortgage institution and collateralised against a pool of assets that, in case of failure of the issuer, can cover claims at any point of time. They are subject to specific legislation to protect bond holders. With slightly more risk. the investment return is higher than UK Gilts.
23. Residential Mortgage Backed Securities (RMBS): £200m limit. A residential mortgage backed security is a pool of mortgage loans created by banks and other financial institutions. The cash flows from each of the pooled mortgages is packaged by a special-purpose entity into classes and tranches, which then issues securities and can be purchased by investors. Being asset backed, they are regarded as being reasonably low risk should a default take place, but with a higher return.
24. Network Rail: Unlimited. Network Rail is the owner and infrastructure manager of most of the rail network in England, Scotland and Wales. Having a UK government guarantee, they are regarded as being reasonably low risk with a lower investment return.
25. Transport for London (TfL): £100m limit. Transport for London is a local government body responsible for the transport system in Greater London. Its parent organisation is the Greater London Authority (GLA). Being a GLA owned entity, the investment is regarded as safe and the return is low.
26. Greater London Authority (GLA): £100m limit. The Greater London Authority is the top-tier administrative body for Greater London, consisting of a directly elected executive Mayor of London and an elected 25-member London Assembly. Being categorised alongside UK local authorities, the investment is regarded as safe and the return is low.
27. UK Local Authorities: £100 limit per authority, £500m in total. This has been increased from £200m on the basis that local authorities have always been regarded as safe counterparties. As an additional safeguard, each new local authority counterparty will be subject to checks regarding latest accounts, audit opinion, financial projections, and financial reputation. There are 326 billing authorities with tax-raising powers in England, consisting of 201 non-metropolitan district councils, 55 unitary authority councils, 36 metropolitan borough councils, 32 London borough councils, the City of London Corporation and the Council of the Isles of Scilly. Additionally, there are levying authorities, consisting of 45 police authorities, 52 fire authorities and six waste disposal authorities. Having never defaulted in history, UK

local authorities and levying authorities are regarded as safe and the return is relatively low. Each new counterparty should be subject to check of latest accounts, any audit issues reported in the latest ISA260 reports, the latest budget position reported to council (to identify if there any potential financial health issues) and officer knowledge of the authority's latest financial reputation.

28. Local Government Association: £20m. The Local Government Association (LGA) is a charitable organisation, funded largely from subscriptions, which comprises local authorities in England and Wales, representing the interests of local government to national government. 435 authorities are members of the LGA as of 2016, including 349 English councils and the 22 Welsh councils, as well number of smaller authorities including fire authorities and national parks. Despite being an entity which represents local authorities, the entity is not regarded as risk free as local authorities and therefore the limit is lower at £20m.
29. Commercial Paper issued by the UK and European Corporates: £40m per name, £200m in total. Commercial paper is an unsecured, short-term debt instrument issued by a corporation, typically for the financing of accounts receivable, inventories and meeting short-term liabilities. Investment is confined to high quality investment grade corporates. The risk and investment return are higher than the sovereign categories.
30. Money Market Funds (MMF): £70m per manager, £300m in total. Money market funds are open-ended funds that invests in short-term high quality debt securities such as Treasury bills and commercial paper. Money market funds are widely regarded as being as safe as bank deposits, yet providing a higher yield. Being well diversified but investing with higher risk counterparties and instruments, the risk and investment return are higher.
31. Ultra short dated bond funds (USDBFs): £25m per manager, £75m in total. Enhanced money market funds increase returns via increasing interest rate, credit and liquidity risk in order to enhance the return. Being well diversified reduces the impact of a single default within the portfolio.
32. Collateralised Deposits: £100m. In lending agreements, collateral is a borrower's pledge of specific property to a lender to secure repayment of a loan, serving as a lender's protection against a borrower's default. Being asset backed, they are regarded as being reasonably low risk should a default take place, but with a higher return.
33. UK Bank Deposits: £75m per bank. Banks have become a riskier counterparty since the recent bail outs of Lloyds and RBS. The Financial Services (Banking Reform) Act 2013 confers on the Bank of England a bail-in stabilisation option for the resolution for banks and building societies, ensuring that shareholders and creditors/depositors of the failed institution, rather than the taxpayer, meet the costs of the failure. Despite the bail-in risk, the return on UK bank deposits is relatively low.
34. Non-UK Bank Deposits: £50m (Sterling deposits only) per bank. Overseas banks incorporated in the UK provide a number of options for high quality institutions with returns largely similar to UK banks.
35. Green Energy Bonds: £20m per bond, £50m in total (subject to due diligence). This comprises of finance for the supply of electricity from renewable energy sources, particularly in areas such as energy storage and electric vehicle networks. This category is greater risk and will provide an enhanced return. Use should be made of

regulated markets where available in order to provide additional investment security and risk reduction.

36. Social Housing Bonds: £200m in total. Housing associations are increasingly issuing public bonds, secured against social housing assets, to meet financing requirements. This category is greater risk and will provide an enhanced return.
37. Rated Building Societies: £10m per building society, £50m in total. Same rationale as UK banks, see above.
38. Loans to organisations delivering services to the Council: £50m in total. Assessed individually and subject to due diligence. At markets rates of interest and reflecting the risk of the borrower, this will offer an enhanced rate of return.

## Minimum Revenue Provision (MRP) Policy

1. Capital expenditure is generally defined as expenditure on assets that have a life expectancy of more than one year. The accounting approach is to spread the cost over the estimated useful life of the asset. The mechanism for spreading these costs is through an annual MRP. The MRP is the means by which capital expenditure, which is financed by borrowing or credit arrangements, is funded by Council Tax.
2. Regulation 28 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended (Statutory Instrument (SI) 3146/2003) requires full Council to approve a Minimum Revenue Provision (MRP) Statement setting out the policy for making MRP and the amount of MRP to be calculated which the Council considers to be prudent. In setting a level which the Council considers to be prudent, the Guidance states that the broad aim is to ensure that debt is repaid over a period reasonably commensurate with that over which the capital expenditure provides benefits to the Council.
3. The Council is recommended to approve the following MRP Statement:
  - For capital expenditure incurred before 1 April 2007, MRP will be calculated using Option 1 (the 'Regulatory Method') of the CLG Guidance on MRP. Under this option MRP will be 4% of the closing non-HRA CFR for the preceding financial year.
  - For all capital expenditure incurred after 1 April 2007 financed from unsupported (prudential) borrowing (including PFI and finance leases), MRP will be based upon the asset life method under Option 3 of the DCLG Guidance.
  - In some cases, where a scheme is financed by prudential borrowing it may be appropriate to vary the profile of the MRP charge to reflect the future income streams associated with the asset, whilst retaining the principle that the full amount of borrowing will be charged as MRP over the asset's estimated useful life.
  - A voluntary MRP may be made from either revenue or voluntarily set aside capital receipts.
  - Estimated life periods and amortisation methodologies will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.
  - As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

- Charges included in annual PFI or finance leases to write down the balance sheet liability shall be applied as MRP.
  - Where borrowing is undertaken for the construction of new assets, MRP will only become chargeable once such assets are completed and operational.
  - If property investments are short-term (i.e. no more than 4 years) and for capital appreciation, the Council will not charge MRP as these will be funded by the capital receipt on disposal.
4. There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made. For the Council this is componentised based on the life of component and the gross replacement cost within the overall existing use value – social housing of the HRA stock.

## **CIPFA requirements**

The Council has formally adopted CIPFA's Code of Practice on Treasury Management (updated 2017) and complies with the requirements of the Code as detailed in this appendix. There are no changes to the requirements formally adopted in the 2017 update with regard to reporting: these are listed below:

- Maintaining a Treasury Management Policy Statement setting out the policies and objectives of the Council's treasury management activities.
- Maintaining a statement of Treasury Management Practices that sets out the manner in which the Council will seek to achieve these policies and objectives.
- Presenting the Full Council with an annual TMSS statement, including an annual investment strategy and Minimum Revenue Provision policy for the year ahead (this report) a half year review report and an annual report (stewardship report) covering compliance during the previous year
- A statement of delegation for treasury management functions and for the execution and administration of statement treasury management decisions. (see below).
- Delegation of the role of scrutiny of treasury management activities and reports to a specific named body. At Westminster City Council this role is undertaken by the Housing, Finance and Corporate Services Policy and Scrutiny Committee.

## **Treasury Management Delegations and Responsibilities**

The respective roles of the Council, Cabinet, Housing, Finance and Corporate Services Policy and Scrutiny committee and Section 151 officer are summarised below. Further details are set out in the Treasury Management Practices.

### **Council**

Council will approve the annual treasury strategy, including borrowing and investment strategies. In doing so Council will establish and communicate their appetite for risk within treasury management having regard to the Prudential Code

### **Cabinet**

Cabinet will recommend to Council the annual treasury strategy, including borrowing and investment strategies and receive a half-year report and annual out-turn report on treasury activities.

Cabinet also approves revenue budgets, including those for treasury activities.

### **Housing, Finance and Corporate Services Policy and Scrutiny Committee**

This committee is responsible for ensuring effective scrutiny of the Treasury strategy and policies.

### **Section 151 Officer**

Council has delegated responsibility for the implementation and monitoring of treasury management decisions to the Section 151 Officer to act in accordance with approved

policy and practices. The s151 Officer has full delegated powers from the Council and is responsible for the following activities:

- investment management arrangements and strategy;
- borrowing and debt strategy;
- monitoring investment activity and performance;
- overseeing administrative activities;
- ensuring compliance with relevant laws and regulations;
- provision of guidance to officers and members in exercising delegated powers.

### **Tri-Borough Director of Treasury and Pensions**

Has responsibility for the execution and administration of treasury management decisions, acting in accordance with the Council's Treasury Policy Statement and CIPFA's 'Standard of Professional Practice on Treasury Management'.

### **Treasury Team**

Undertakes day to day treasury investment and borrowing activity in accordance with strategy, policy, practices and procedures.

### **Training**

The CIPFA code requires the s151 officer to ensure that Members with responsibility for making treasury management decisions and for scrutinising treasury functions to receive adequate training. The training needs of all officers are reviewed periodically as part of the Learning and Development programme. Officers attend various seminars, training sessions and conferences during the year and appropriate Member training is offered as and when needs, and suitable opportunities, are identified.

## Prospects for Interest Rates

1. The Council has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives our central view.

	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.25%
5 yr PWLB Rate	2.00%	2.00%	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.50%
10 yr PWLB Rate	2.40%	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	2.90%	2.90%
25 yr PWLB Rate	2.80%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.40%
50 yr PWLB Rate	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.20%

2. Capita Asset Services undertook its last review of interest rate forecasts on 20 August 2018 after the quarterly Bank of England Inflation Report and MPC Bank Rate increase from 0.50% to 0.75% as expected. But the 9-0 outcome was a surprise. The Committee reaffirmed that further rate moves will likely be gradual though inflationary pressures will be monitored. The markets are not factoring in another rate hike at any of the last three meetings this year, with December expectations being pared back below 10% following comments from the BoE Governor on Brexit. Markets are near 60% confident that there will be a hike in August 2019.
3. The overall balance of risks to economic recovery in the UK is currently to the downside but significant variables over the coming few years include just what final form Brexit will take, when finally agreed with the EU, and when.
4. Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:
- UK economic growth and increases in inflation are weaker than we currently anticipate.
  - Weak growth or recession in the UK's main trading partners - the EU and US.
  - Geopolitical risks in Europe, the Middle East and Asia, which could lead to increasing safe haven flows.
  - A resurgence of the Eurozone sovereign debt crisis.
  - Weak capitalisation of some European banks.
  - Monetary policy action failing to stimulate sustainable growth and to get inflation up consistently to around monetary policy target levels.
5. The potential for upside risks to current forecast for UK gilt yields and PWLB rates, especially for longer term PWLB rates include:
- The pace and timing of increases in the Fed. Funds Rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
  - UK inflation returning to significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

## Economic Update

6. **UK.** The first half of 2018/19 has seen UK economic growth post a modest performance, but sufficiently robust for the Monetary Policy Committee (MPC) to unanimously (9-0) vote to increase Bank Rate on 2 August from 0.5% to 0.75%. Although growth looks as if it will only be modest at around 1.5% in 2018, the Bank of England's August 2018 Quarterly Inflation Report suggested that growth will pick up to 1.8% in 2019, albeit there were several caveats, mainly related to whether or not the UK achieves an orderly withdrawal from the European Union on 29 March 2019.
7. Some MPC members have expressed concerns about a build-up of inflationary pressure, particularly with the pound falling in value again against both the US dollar and the Euro. The Consumer Price Index (CPI) measure of inflation is currently running at 2.5% but is expected to fall back towards the 2% inflation target over the next two years, given a scenario of minimal increases in Bank Rate. The MPC has indicated that the Bank Rate would need to be in the region of 1.5% by March 2021 for inflation to stay on track. Financial markets are currently pricing in the next increase in Bank Rate for the second half of 2019.
8. Re unemployment, this is now at a 43-year low of 4% on the Independent Labour Organisation measure but, despite that, wage inflation is currently weak. This is a global theme for the major economies of the world. Indeed, with UK wages running in line with the CPI measure of inflation, real earnings are, in effect, neutral. Given the UK economy is very much services sector driven, any weakness in household spending power is likely to feed through into tepid economic growth. This is another reason why the MPC will need to tread cautiously before increasing the Bank Rate again, especially given all the uncertainties around UK exit from the EU. Additionally, business sentiment surveys, such as the Purchasing Managers Index collated by Markit, suggest the UK is set for only modest GDP growth in the second half of 2018 with the monthly updated figure for annual growth being 1.5% as at the end of July 2018. The housing market is going through a weak phase, with UK wide house price growth averaging 2% to 3%, but with London and the south-east experiencing price falls.
9. As for the political arena, there is a risk that the current Conservative minority government may be unable to muster a majority in the Commons over UK exit from the EU. However, Prime Minister May's government could endure, despite various setbacks, along the route to 29 March 2019. If, however, the UK faces a general election in the next 12 months, this could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.
10. **EU.** Growth has undershot early forecasts for a strong economic performance in 2018. In particular, data from Germany has been mixed and it could be negatively impacted by US tariffs on a significant part of manufacturing exports, e.g., cars. For that reason, although growth is still expected to be in the region of 2% for 2018, the horizon is less clear than it seemed just a short while ago.

11. **USA.** President Trump's massive easing of fiscal policy is fuelling a (temporary) boost in consumption which has generated an upturn in the rate of strong growth to around 1% in Q2 2018, but also an upturn in inflationary pressures. With inflation moving towards 3%, the Fed has already tightened the Fed Funds interest rate to between 1.75% and 2%, and a further two increases to 2.25% to 2.5% are expected before the end of 2018 with the prospect of another increase or two next year. The dilemma, however, is what to do when the temporary boost to consumption wanes, particularly as the recent imposition of tariffs on a number of countries' exports to the US, (China in particular), could see a switch to US production of some of those goods, but at higher prices. Such a scenario would invariably make any easing of monetary policy harder for the Fed in the second half of 2019.
12. **CHINA.** Economic growth has been weakening over successive years and, despite repeated rounds of central bank stimulus, medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.
13. **Japan** is struggling to stimulate consistent significant growth and to get inflation up to its target of 2%, despite significant monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.



## City of Westminster

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	15 October 2018
<b>Classification:</b>	General Release
<b>Title:</b>	Integrated Investment Framework 2019/20
<b>Wards Affected:</b>	All
<b>Policy Context:</b>	To manage the Council's finances prudently and efficiently.
<b>Cabinet Member</b>	Cllr R Robathan, Cabinet Member for Finance, Property and Regeneration
<b>Financial Summary:</b>	Implementation of an Integrated Investment Framework will influence investment decisions going forwards and deliver added value to Council services. This report identifies the potential for future improved returns.
<b>Report of:</b>	Steven Mair, City Treasurer  020 7641 2904  smair@westminster.gov.uk

### EXECUTIVE SUMMARY

1. On 7 March 2018, Full Council approved the Integrated Investment Framework 2018/19 for bringing together and managing all of its investments.
2. The Council holds £1.1bn of short term cash based investments (as at 31 August 2018), managed under the Treasury Management Strategy, which passes through Scrutiny, Cabinet and Full Council on an annual basis. The Council also owns a significant number of Investment Properties, currently valued at £385m, which are considered as part of the Capital Programme, and holds longer term investments, mostly Government bonds and equity shareholdings. In addition, the Council is responsible for managing the Pension Fund which has net assets of £1.4bn, and operates under the Investment Strategy Statement (ISS) set by the Pension Fund Committee.
3. The Council holds £1.1bn of treasury investments in high grade but very liquid investments, generating a forecast return of 0.85% and £385m in much longer term illiquid property investments, generating around 3.1% net of direct costs. The current

inflation rate as measured by CPI is 2.5% (as at July 2018), and this must be taken into account alongside the current treasury investments yield.

4. This report sets out:

- the Council's strategic objectives in respect of risk management, and its attitude towards investment risk;
- current levels of investment activity;
- proposals for an Integrated Investment Framework for the Council going forward which seeks to diversify the risk and thus future-proof the Council against possible future economic downturns;
- actions to be taken in connection with implementing this Framework, if agreed.

## **RECOMMENDATIONS**

5. That the Council:

- a) approve and implement the Integrated Investment Framework set out in this report;
- b) approve that the target for the overall return on Council investments should aspire to match inflation;
- c) approve that the benefits of investing in the Pension Fund should be used as a benchmark when evaluating other investments;
- d) adopt the asset allocation percentages set out in the Framework and work towards achieving these;
- e) agree that the overarching objective of this Framework is to achieve an overall return on Council investments aspiring to match inflation and to reduce costs and liabilities, whilst maintaining adequate cash balances for operational purposes, and not exposing the capital value of investments to unnecessary risk;
- f) approve that investments allocated to out-of-borough property developments should be considered individually and should outweigh the benefits of investing in-borough (which can have a number of non-commercial benefits, e.g., place making) and in a diversified property fund. Individual decisions should be subject to Cabinet Member approval;
- g) approve that the property and alternative asset allocation should focus on in-borough, with out of borough options being explored as and when they arise and subject to Cabinet Member approval;
- h) the Investment Executive to implement, monitor and report on the investment strategy.

## **INTEGRATED INVESTMENT FRAMEWORK**

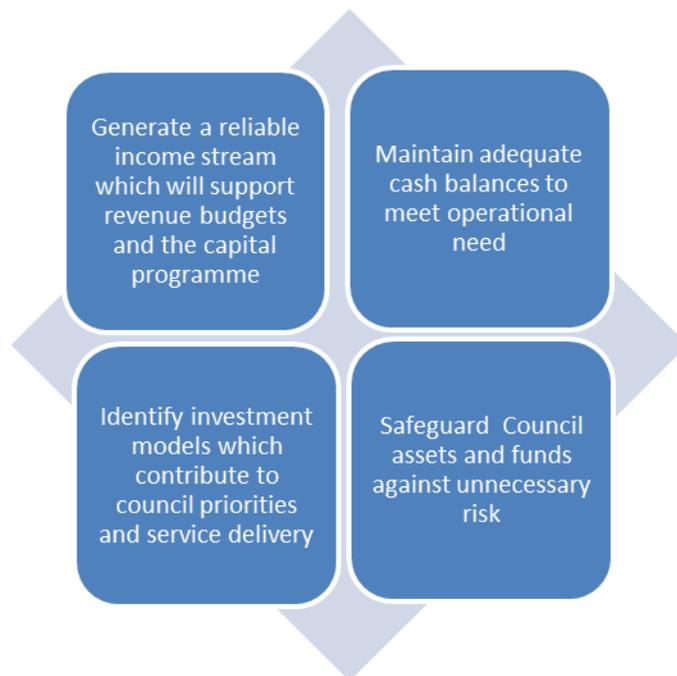
### **BACKGROUND**

6. The Council is responsible for managing its assets valued at around £2.9bn at 31 August 2018, comprising £1.4bn pension fund, £1.1bn of short-term cash investments and £385m of investment property. It is important that the Council is able to take a holistic view of its investment pools and align them with its funding needs and goals. The scale of these figures makes their positive and proactive financial management very important. Investments held as part of the Council's pension fund are managed under a separate regulatory framework and are outside the scope of this report from the point of view of investment management.
7. In previous years, the Council's Investment Strategy formed part of the Treasury Management Strategy Statement (TMSS) which is developed and updated as part of the Council's Medium Term Financial Plan (MTFP). The TMSS has tended to focus on the policies for placing short-term cash based investments, whilst decisions regarding other types of longer term investment have been considered on an individual basis as opportunities arose.
8. While the assets are distributed across a range of areas, the complexity of the Council and its funding requirements means that there is a need for the assets to be considered collectively and holistically as, in the aggregate, they represent a very significant pool of resources. More specifically, in view of:
  - the significant value of investments held by the Council;
  - their increasing importance in terms of generating income which supports revenue budgets and capital investment;
  - their potential to add value and contribute towards corporate objectives in their own right.

it was felt appropriate to give this aspect of financial management more detailed consideration and to develop a more integrated approach to investment decision making.

### **STRATEGIC CONTEXT**

9. The Council's key focus is on delivering high quality services within the context of reduced government funding and increased demand for services due to demographic change. The Council also needs to have regard to the longer term, given its moral and legal responsibilities regarding sustainability and stewardship of public assets.
10. The role of investment management is to support service delivery by balancing four key strategic objectives as follows:



11. An appropriate investment strategy which balances the above objectives is therefore key.
12. The Council is exposed to possible future events, such as:
  - the potential impact of an economic downturn following the UK's exit from the European Union on 29 March 2019, which could reduce the UK's trading capacity and gross domestic product (GDP), possibly leading to severe recession in the UK and increasing demand for Council services;
  - more general economic dynamics because of the multiple links that the Council has into the economy through its service and revenue streams;
  - increases to CPI inflation, which will place cost pressure on both revenue and capital budgets;
  - the pension fund deficit which may result in increased employer contribution rates (although the Council has begun to address this through increased deficit contributions), and recent higher valuations in the equity market have also impacted favourably);
  - interest rate changes which could materially impact on the cost of the capital programme;
  - Government funding policy changes.
13. Ideally, the investment strategy should be aimed at generating future income to address these longer term risks.

### **ACCEPTABLE RISK LEVELS**

14. An appropriate investment strategy which balances the above objectives consists of one which:
  - focuses on investments with a reasonable return based on reasonable risk;
  - includes other Treasury opportunities not covered in the TMSS; and
  - investigates property investment opportunities.

15. The suggested policy going forward is that the Council will generally seek to obtain the maximum amount of income consistent with an optimum level of risk, and will be willing to accept a lower level of income in exchange for a lower risk product which does not expose the capital value of the investment to potential loss.
16. By more proactive and appropriate management of the Council's investment portfolio, an increased level of income can be achieved, but also ensuring that appropriate security is maintained over the Council's assets.
17. Such investments shall be separately identified in Council records and will be subject to the Council's detailed budget monitoring and review as a result.

## CURRENT INVESTMENT ACTIVITY

18. The Council is responsible for managing three investment portfolios:
  - the Council treasury investment portfolio of circa £1.1bn comprising of short-term cash-based investments generating a forecast return of 0.85%;
  - the investment property portfolio of £385m, generating 3.1% net of direct costs; and
  - the City of Westminster Pension Fund of £1.4bn with an assumed long-term investment return of 5.1%.
19. The Council investment portfolio is set out below.

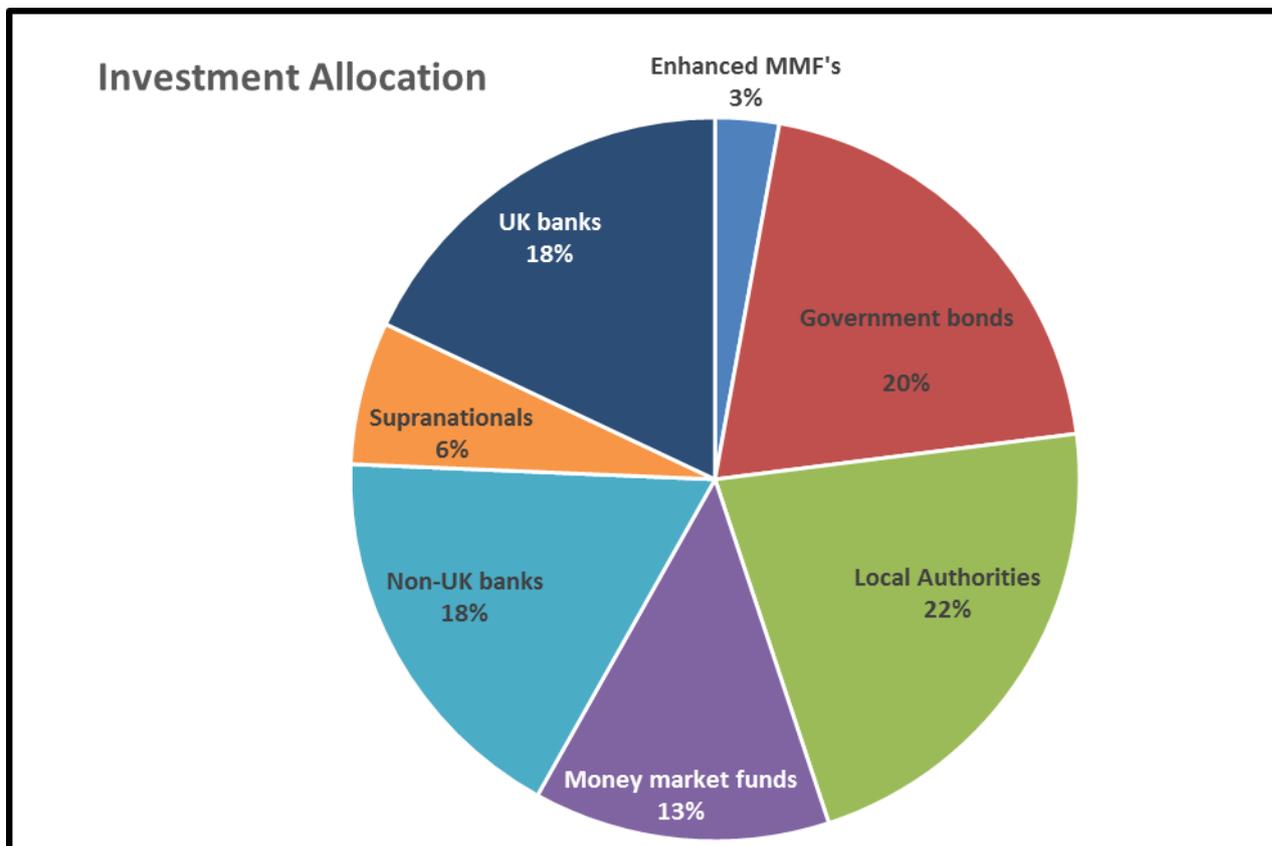
Type of Investment	Expected rate of return	Value at 31 August 2018 £ million	Value at 31 March 2018 £ million
Short term investments (mostly overnight cash deposits, money market etc.)	0.85%	1,138.0	992.0
Long term investments in shareholdings in controlled companies such as CityWest Homes, Westminster Community Homes, WestCo trading etc.	5% average	27.5	27.5
Property Fund Partnership (Lettings Fund)	6.0%	15.0	15.0
Investment properties	5.2%	385.0	385.0
<b>Total</b>		<b>1,565.5</b>	<b>1,419.5</b>

20. The Pension Fund is a separate legal entity and, therefore, its assets cannot fit within the wider investment framework of the Council. However, despite this ring-fencing, the pension fund has a significant second-order impact on the Council's financial position and funding needs, because of the existing deficit in the scheme, and the contribution plan in place to close this over a 16-year horizon (from 1 April 2018).
21. Although the funding position of the Pension Fund has improved from 74% at 31 March 2013 to 92.2% at 31 March 2018, Westminster (as an employer within the Pension Fund) has an outstanding deficit of £182.5m at 30 June 2018.
22. The funding of the Pension Fund assumes an annualised rate of return of 5.1% over the 16-year recovery period as represented in the discount rate used to value the pension fund liabilities. From the Council perspective, as an employer paying into the

Pension Fund, any deficit represents a form of borrowing with an interest rate set at the discount rate of 5.1%.

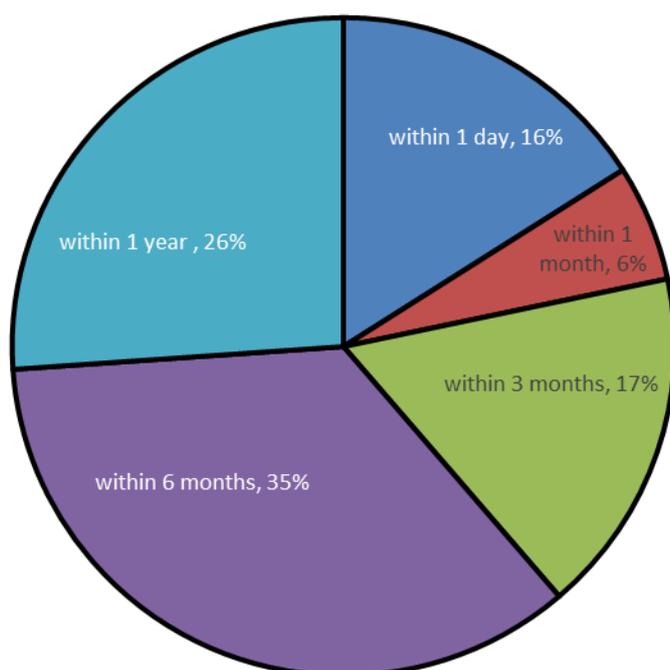
### SHORT-TERM INVESTMENTS

23. In line with the current investment strategy, the treasury portfolio of short term cash-based investments with 36% bank based deposits, 22% in local authorities, 13% in money market funds and 6% in supranational banks, 20% in government bonds, and 3% in enhanced money market funds as shown below.



24. All treasury managed investments currently mature within 12 months as shown below.

### Investment Maturity Profile



25. In line with the above, the portfolio is entirely investment grade and heavily biased toward the top end with 16% of investments AAA, 34% AA, 10% AA-, 4% A+, 14% A and 22% being local authority investments.
26. This approach provides flexibility for the Council at very low levels of risk, but tends to result in fairly low returns, currently around 0.85%, and an approach to investment management which focuses on security and liquidity.

### INVESTMENT PROPERTY

27. Commercial property investment provides investors with:
- a higher income return than equities, bonds or cash;
  - a secure, regular income with income growth prospects to hedge against inflation;
  - capital value appreciation;
  - asset management opportunities to further increase rental and capital growth;
  - an underlying real asset with minimum capital value.
28. However, as with any investment, there are associated risks:
- illiquidity: property is a 'bricks and mortar' asset which takes time to sell/buy;
  - threat to income security if the tenancy fails and the property cannot be re-let;
  - capital depreciation: if the asset is not properly managed and kept in good repair.

29. Geographically, the investment property portfolio is inevitably concentrated within the borough, which self-evidently tends to concentrate the economic risk in one area. Commercial property yields are currently ranging from 3.25% in central London to 5.50% in the regions (see Appendix C). In-house investment property generated 3.1% yield net of costs (excluding capital growth) in 2017/18.
30. Currently, the property portfolio is heavily fragmented due to its historical incremental build-up with a heavy concentration in car parks which generates 39% of total income, followed by shops generating 22%, offices generating 17% and other smaller units generating the remainder.
31. The car park assets, which provide a steady income stream, offer value added opportunities through potential change of use and redevelopment over time. The Council is focused on delivering best returns which acquiring new assets and redevelopment of assets to improve the quality of the portfolio should help to achieve.
32. An annual £50m drawdown facility for investment schemes to generate additional income towards future Medium-Term Plan savings was approved as part of the current year's and previous year's Capital Strategy (total £100m to date). Of this £28.1m has been invested leaving an available balance of £71.9m. Schemes funded by this will go ahead if they generate additional income after full due diligence.
33. A focused property investment strategy is likely to increase returns by:
  - setting out more clearly the process and goals of the strategy;
  - providing a framework for rationalising lot size over time which will improve both efficiency and reduce the costs of managing the portfolio;
  - targeting properties with a modern specification and minimal management costs;
  - diversifying risk, sector and geography;
  - improving asset quality and increase in average asset value.
34. Focus should be on optimising performance of the Council's portfolio and acquiring adjacent/adjoining assets which will improve performance and delivery of active asset management of the portfolio.

## **LONG-TERM INVESTMENTS**

35. Prior to 2004, Councils were only permitted to make loans to, or invest in, other local authorities, the Government, banks or building societies. The introduction of the Prudential Code relaxed these restrictions and gave local authorities the flexibility to invest in much more innovative methods of service delivery and income generation by:
  - establishing, controlling and participating in limited companies trading for profit; and
  - entering into loans and investments with "non-specified" counterparties, including limited companies and not-for-profit organisations.
36. These are classed as non-specified investments under the MHCLG's statutory guidance for local government investments.
37. No general legal restrictions are placed on the value, length or nature of such investments and the only proviso is that investments are placed in accordance with investment strategies formally approved by members. The City Council's Treasury Management Strategy Statement (TMS) expressly permits new investments in non-

specified institutions. For any such investments, specific proposals will be considered by the Director of Treasury and Pensions, and approved by the S151 Officer subject to due diligence.

38. Non-specified investments include asset vehicles, such as infrastructure and housing, which offer additional possibilities. As well as generating additional income, they can, in and of themselves, make a contribution to corporate priorities and improve service delivery. They also diversify investment risk away from the banking sector and can offer more flexibility in terms of length of investment and timing of drawdowns.
39. This type of investment is becoming more common in local government with authorities investing in projects to increase low cost and affordable housing, improve transport infrastructure, and support sustainable energy programmes as well as pooled property or equity investments, venture capital funds to support new and growing businesses, bond issues and unit trusts.
40. Such investments typically offer a higher risk adjusted return. However, they also tend to carry more complex risk profiles and attract higher transaction/due diligence costs, and are unlikely to have a published unit price or credit rating. The onus therefore falls on the Council to make its own evaluation of the investment and whether or not to proceed.
41. The Council's current portfolio of non-specified investments is:

	Value at 31 August 2018 £ million	Value at 31 March 2018 £ million	Expected return
Investments in companies controlled or significantly influenced by the Council	27.5	27.5	Nil direct to the Council, profits made are usually reinvested in the business
Government (UK) gilts	230.0	200.0	0.75%
Supranational	72.7	72.7	0.77%
Pooled property fund (Real Lettings)	15.0	15.0	Annualised 6% over 7-year life of fund
<b>Total</b>	<b>345.2</b>	<b>315.2</b>	

42. By increasing its holdings in this area, the Council would reduce its reliance on the banking sector and facilitate the move towards a more long-term investment profile, as discussed below.
43. Identifying and investigating individual investment opportunities across multiple markets can be both time consuming and expensive. Therefore, appointing a fund manager (with approval) to manage a "bundle" of separate investments across a range of markets can be cost effective and spread risk by taking assurance on the fund manager's own due diligence processes.

## LIABILITIES AND CASHFLOW NEEDS

44. In order to assess appropriate changes to the treasury portfolio, it is important to consider also the council's liabilities and cashflow needs over time. This is imperative as the purpose of investing the assets is to better match upcoming cashflow needs and also to minimise funding gaps.

45. The Council has a significant capital programme, totaling more than £3.8bn to 2032/33. This will be funded from £1.9bn of external funding, leaving a net funding requirement of £1.9bn. Thus, the need to take liquidity into account is extremely important.

## INVESTMENT ALLOCATION

46. The Council's investment portfolio is currently allocated between liquid cash based short-term investments, longer term cash investments for the intention of generating enhanced yield and commercial property, pension investments and equity shareholdings which tend to be held for perpetuity or at least 20 years or more.

47. The previously suggested allocation by time (current policy as per the Investment Framework in the table below) could be regarded as very optimistic in terms of the provision of liquidity, enabling calls on cash to fund current capital budgets. It has become clear in 2018/19 that achieving liquidity and the necessary cashflow to manage revenue and capital commitments will require a significantly higher allocation of short term investments than the 10% advocated in the current Framework policy. To this end, an allocation of 44% of investments with maturity dates of less than one year is not unreasonable.

48. Therefore, the proposed approach going forward is to move investment allocations towards agreed percentages as follows, thus facilitating liquidity in a more achievable manner:

Type of investment	Current policy	Current allocation 31 August 2018	Proposed allocation
Short-term investments – less than one year	10%	75%	44%
Short-term investments – less than two years	20%		6%
Short-term investments – less than three years	15%		4%
Short-term investments – less than four years	10%		4%
Short-term investments – less than five years	5%		4%
Property	40%	25%	25%
Alternative investments			13%
<b>Total</b>	100%	100%	100%

## FACTORS IN INCREASING YIELD

49. This has been partially achieved with the following ambitions set out in the TMSS. However, the requirement for liquidity will remain paramount and a revised maturity profile is set out above.

Change	Current situation	Risk	Progress made in 2018/19
<b>Treasury Management</b>			
1. Lengthen the maturity structure from the current average seven months to a target average maturity of two years	By investing in longer maturity assets with same credit quality, some additional yield may be generated, but the gilt yield curve is relatively flat, so yields would likely increase by about 0.3%.	Going out to longer dated bank deposits beyond 5 years would increase counterparty risk to individual banks, which becomes more of a risk if there is a future financial crisis	Steps have been taken to extend the average maturity periods, subject to the Council's cash flow requirements and resultant need for liquidity in the current financial year and beyond. At 31 August 2018, £275m worth of investments are locked for periods of six to nine months, with proposals in place to invest for periods of up to two years.
2. Widen the credit quality of investments by moving from the current average rating of AA to A. This would allow the Council to invest a greater number of instruments with a moderate amount of credit risk (eg corporate bonds) that have maturity beyond one year. Yields tend to be higher to compensate for the higher perceived risk and reduced liquidity	For example, a portfolio of short duration investment grade sterling denominated credit benchmarked to the Barclays Sterling Corporate Bond index of 3 to 5 year maturities yields 1.24% currently, which is more than double the yield on the current treasury portfolio. The average credit rating of the index is BBB+/A	By diversifying away from bank deposits, although marginally lower credit rating, this would spread the risk in the event of a future financial crisis.	At 31 August 2018, the treasury investment portfolio had £150m invested in investments with credit ratings A, £50m in A+, £174m in AA-, £500m in AA counterparties and £316m in AAA rated counterparties. Any category of an A grading is known as investment grade and thus high quality.
3. Add more credit sub-asset classes such as asset backed securities (ABS). These are typically listed rated bonds which can be traded, but liquidity varies depending on the issue. Types of credit include car loans, credit cards and residential mortgage backed securities (RMBSs)	Yields are in the range of 0.65% above the current treasury portfolio yields (AAA rated). Yields can be higher for AA or A rated asset backed securities.	The extra yield reflects the potential complexity of these instruments, but since the last financial crisis regulation has made asset backed securities more secure through risk retention rules, increased ratings scrutiny and credit protection, reflecting the government policy increasing lending to households and small businesses	Exploration is underway for Asset Backed Securities ABS. It is anticipated that the ABS possibility will be considered by the Lead Member later in the autumn of 2018.

<b>Investment property</b>			
<p>4. Adopt a more focused property investment strategy by reducing the number of properties and increasing the lot size to efficiency gains and reduce the cost of management and maintenance.</p> <p>Given the added illiquidity of property investment, this only makes sense if the Council can achieve materially higher yields than the treasury portfolio and meet other objectives such as reducing risk (eg inflation) or help meet statutory duties.</p> <p>Therefore new acquisitions should:</p> <ul style="list-style-type: none"> <li>• target a yield of at least 5%;</li> <li>• widen the scope of investments from in-borough</li> <li>• ensure the sale of resultant assets to repay any associated financing costs within an envelope of 5 years.</li> </ul>	<p>Increased return on property portfolio of at least 0.8%.</p>	<p>Adverse property markets may result in a fall in sale value</p>	<p>The Director of Property has continued the acquisition programme with various new properties added into the portfolio. There have been two purchases; 10-12 Orange Street for a purchase price of £11.8m and 14-20 Orange Street for a purchase price of £15m (total costs £28.1m).</p>
<p>5. Expanding the use of fund structures to deliver specialist functions such as supported living housing, homeless shelters, asylum housing etc. This would meet statutory duties and generate a return.</p>	<p>Yields from public social housing real estate investment trusts (REITs), such as the Real Lettings Fund which the Council is currently invested in are generating returns of 6%</p>	<p>By using a fund structure, this arms-length approach distances the Council from the costs of directly managing such property and investment is secured on the underlying property</p>	<p>During implementation, consideration will be given to additional transaction costs (which may be bid/offer on entry and exit), as well as high management fees and/or the underlying costs of such investments.</p>
<b>Alternative assets</b>			
<p>6. These fall outside traditional investments, such as listed equities and bonds, and include renewable energy, infrastructure and commodities.</p>			<p>Currently, these are considered too high risk for the treasury portfolio.</p>

<b>Pension Fund</b>			
7. Pension Fund deficit: pay off entire deficit post 2019 actuarial valuation	This eliminate the interest payable on the pension fund deficit in its entirety, providing contribution and interest savings	Adverse markets in UK and abroad increase pensions deficit notwithstanding the payment made	The 2018/19 and 2019/20 pensions deficit payment amounting to £53m to be paid on 25 September 2018, thereby saving the Council significant future interest costs. The Council is proposing to pay all of its pension fund deficit identified in the 2019 triennial actuarial valuation, currently projected to be £151.5m at 1 April 2020.

## SCRUTINY

50. An investment task force was set up to ensure that the Council made best use of its resources and ensure value for money was being achieved in its investment strategy. The task force contains both Council Members and Officers and meets biannually.

## OVERALL INVESTMENT TARGET

51. The overarching objective of this Framework is to move towards increasing income generated from Council investments aspiring to match inflation in a full year (compared with the current forecast return of 0.85%), whilst maintaining adequate liquid cash balances for operational purposes and not exposing the capital value of investments to unnecessary risk.
52. However, because of the current and future liquidity requirements of the capital programme and the approval, procurement and due diligence processes reference the higher return generating options, the impact in the short term (during 2018/19) has been a more modest return.

## GOVERNANCE

53. Innovation within the financial services industry leads to a constantly changing market and the availability of new asset classes, products and financial instruments. The Council needs to be able to operate more flexibly, and make decisions more quickly, in order to benefit from the opportunities presented by this environment and to successfully implement the changes outlined above.
54. The implementation, management, monitoring and reporting of this Integrated Investments Framework operates, being approved by Full Council, delegates specific investment decisions to the Cabinet Member for Finance, Property and Regeneration, after due diligence and advice from the City Treasurer and Tri-Borough Director of Treasury and Pensions.
55. Day-to-day aspects of treasury management function will continue to be delegated to officers in the same way that they are at present, but the Integrated Investment Framework will:

- enhance the effectiveness of decision making;
  - embed a good risk culture that encompasses appropriate due diligence, option appraisal and an atmosphere of open debate;
  - ensure that a holistic approach is taken towards managing the Council's portfolio.
56. The implementation, monitoring and reporting will continue to be delegated to the Investment Executive. The Investment Executive will comprise:
- the Cabinet Member for Finance, Property and Regeneration and the Chair of the Audit and Performance Committee;
  - the City Treasurer, Tri-Borough Director of Pensions and Treasury, and the Director of Property and Investments;
  - the Chief Executive and the Executive Director GPH as necessary.
57. The Investment Executive will meet quarterly, supplemented with ad hoc calls and meetings in times of need of change.
58. Key information will be reported to Members on a quarterly basis through the investment reports.
59. Given the complexity of this important area, the Council will need to rely on independent experts and advisors. Therefore, the Council will engage at least two investment advisors who will:
- provide advice on the current investment market and recommend new products in which to invest;
  - benchmark the Council's performance and identify any areas where there is scope for improvement.

## **DUE DILIGENCE**

60. Due diligence is any process undertaken to:
- investigate a business or person prior to signing a contract;
  - record the reasons behind an investment decision;
  - demonstrate that the Council is acting responsibly and has adequately assessed the balance between risk and reward.
61. Due diligence should be undertaken on all investments in a consistent manner, albeit proportionate, in terms of the value and complexity of the financial instruments being considered, and their relative impact on the Council's finances as a whole.
62. For a simple instrument such as a corporate bond, for example, a few paragraphs summarising risks and expected rewards, together with analysis from an advisor would suffice. A more complex product might require specialist assistance, comprehensive risk analysis and work undertaken to monitor and re-assess risks and performance regularly.
63. The Council has developed a framework for undertaking due diligence which promotes consistency and rigour whilst, at the same time, allowing for flexibility and a

proportionate approach. It is based around the “6 Ps” principle as set out in Appendix A.

64. Whilst this framework does not rule out in principle any specific type of investment, all proposals will be considered in terms of:

- reputational risk to the Council;
- environmental, social, ethical and sustainability considerations.

## **OPTION APPRAISAL**

65. An important aspect of due diligence is assessing the value for money offered by a new investment. Option appraisal will be undertaken for all new investments as part of the due diligence process, on a proportionate basis, that reflects investment value, expected duration, and anticipated level of risk. It will be:

- outcome focused;
- structured around the key questions set out in Appendix B;
- take non-financial benefits into consideration where relevant.

66. Option appraisal should focus on the opportunity costs of the investment and a comparison against returns offered by other products or opportunities realistically available, rather than achievement of a “theoretical” rate of return.

## **FINANCIAL AND LEGAL IMPLICATIONS**

67. This report identifies the potential for improved returns aspiring to match inflation in a full year compared with the current forecast return of 0.85%. Approval and implementation will result in an integrated framework for managing the Council’s investment portfolio which supports improved returns and a more effective contribution to Council priorities and services.

68. A full review of the proposed Framework was undertaken by Legal Services to ensure compliance with all legislative requirements and consistency with the Council’s existing Constitution, terms of reference and scheme of delegation.

## **RECOMMENDATIONS**

69. That Members:

- a) approve and implement the revised Integrated Investment Framework set out in this Report;
- b) approve the target for the overall return on Council investments should aspire to match inflation;
- c) approve the benefits of investing in the Pension Fund should be used as a benchmark when evaluating other investments;
- d) adopt the revised asset allocation percentages set out in the Framework and work towards achieving these;
- e) agree that the overarching objective of this Framework is to achieve an overall return on Council investments aspiring to match inflation per annum and to

reduce costs and liabilities, whilst maintaining adequate cash balances for operational purposes and not exposing the capital value of investments to unnecessary risk;

- f) approve that investments allocated to out-of-borough property developments should be considered individually and should outweigh the benefits of investing in-borough (which can have a number of non-commercial benefits e.g. place making) and in a diversified property fund. Individual decisions should be subject to Cabinet Member approval;
- g) approve that the property and alternative asset allocation should focus on in-borough, with out-of-borough options being explored as and when they arise and subject to Cabinet Member approval;
- h) the Investment Executive to implement, monitor and report on the investment strategy.

## **BACKGROUND PAPERS**

### **Council**

2018/19 Treasury Management Strategy

2017/18 Statement of Accounts

**If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:**

**Phil Triggs, Tri-Borough Director of Treasury & Pensions**

**Tel: 0207 641 4136**

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## **APPENDIX A – DUE DILIGENCE FRAMEWORK**

1. The Council has developed a framework for undertaking due diligence which promotes consistency and rigour whilst at the same time allowing for flexibility and a proportionate approach. It is based around the “6 Ps” principle as set out below:

### **Powers**

- a) What legal powers is the Council relying on to make the investment being proposed;
- b) Has legality been considered in terms of the underlying nature of the activity, as well as the instrument or vehicle itself?
- c) Have capital financing and MRP requirements been considered?

### **Permission**

2. Does the Council need permission from the Secretary of State or anyone else before progressing this investment e.g.,
  - a) Members – and if so who (committee with delegated authority, cabinet or full Council)
  - b) Chief Officer if delegated decision making powers apply
  - c) Consultation with the public or staff may be a legal requirement
  - d) Does the proposal involve legal negotiations with a contractor or 3rd party?

### **Policy**

- a) Does the proposal fit within the Council’s policy objectives in terms of what it is trying to achieve?
- b) If not does the proposal need to go to Full Council for approval?

### **Payment**

- a) How is the proposal to be funded both in terms of initial and ongoing costs (i.e. is there a budget – revenue and capital)

### **Procurement**

- a) Has the proposal been subject to the Council’s procurement procedures?
- b) Does it need to go through formal tendering or does it need a waiver?
- c) Are there any State Aid or EU implications?

### **Press**

- a) Might the Council be exposing itself to criticism?

3. Whilst not all of the above considerations will apply to every investment scenario, this framework will be applied in principle to every investment proposal, with results reported to Members for consideration.

## APPENDIX B – OPTION APPRAISAL

1. Option appraisal should be structured around the following questions:

Key questions	Issues to consider
How is the proposal to be funded in terms of initial and ongoing costs?	Is there an existing budget or is virement required? Does the proposal provide any added value to the Council in terms of improved efficiency, budget savings or reduced costs?
What is the opportunity cost of using up these cash resources?	What is the expected length of the investment period? What additional costs are there (transaction costs, due diligence etc.) in addition to the capital investment itself? Does the expenditure count as a capital transaction under capital accounting regulations? If so what are MRP/CFR implications? * Is there an exit strategy? Will this involve additional costs? Is there a risk of permanent impairment in the capital value of the investment?
Does the proposal link to corporate objectives and statutory services?	If so how does it compare to the cost of achieving similar outcomes? Will this delivery option increase or decrease outcome or cost risk?
Is the proposal solely to generate income?	What key assumptions and sensitivities are contained in the financial model? * What are best, worst and medium case scenarios? How do these compare to other investment opportunities within the same investment allocation?
What transaction, professional and management costs need to be considered?	Consider for example:  Independent advice and “experts” Legal fees/stamp duty Tax, audit, accountancy, secretarial Officer time in attending meetings etc.

\* To promote consistency when evaluating potential investments, any MRP set aside requirements for property or alternative investments will be calculated using the annuity method rather than on a straight line basis.

## APPENDIX C - Prime yields for commercial property

	Feb 16	Feb 17	May 18
West End offices	3.00%	3.25%	3.25%
City Offices	4.00%	4.00%	4.00%
Offices M25	5.00%	5.25%	5.00%
Provincial Offices	4.75%	5.25%	4.75%
High Street Retail	4.00%	4.00%	4.25%
Shopping Centres	4.25%	4.50%	4.75%
Retail warehouse (open A1)	4.50%	5.25%	5.25%
Retail warehouse (restricted)	5.25%	5.75%	5.50%
Food stores	5.00%	5.00%	4.50%
Industrial distribution	4.50%	5.00%	4.25%
Industrial multi-lets	4.75%	4.75%	4.00%
Leisure Parks	5.00%	5.00%	5.25%
Regional Hotels	5.50%	5.25%	4.25%

Source: Savills

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## City of Westminster Cabinet Report

<b>Meeting or Decision Maker</b>	Cabinet
<b>Date:</b>	15 <sup>th</sup> October 2018
<b>Classification:</b>	General Release
<b>Title:</b>	Strategic Options for CityWest Homes
<b>Wards Affected:</b>	All
<b>City for All Summary</b>	This report seeks Cabinet approval to seek a mutual agreement with CWH to terminate the management agreement with effect from 1st April 2019
<b>Key Decision:</b>	No
<b>Financial Summary:</b>	See paragraph 5 of the report
<b>Report of:</b>	Barbara Brownlee, Executive Director for Growth, Planning and Housing

### 1. Executive Summary

- 1.1 There are serious problems with the performance and management culture at City West Homes (CWH) the Council's wholly owned Arm's Length Management Organisation (ALMO). CWH has developed a management culture with significant weaknesses that is insufficiently performance or customer service oriented.
- 1.2 Residents have expressed unprecedented dissatisfaction with the service and the non-responsive attitude of CWH. Consultation and engagement with residents have indicated that they are overwhelmingly dissatisfied by CWH's management of the housing service. An independent review by Campbell Tickell (CT) has concluded that there are serious issues with performance and weaknesses of management.
- 1.3 The Council's overriding priority is to improve service delivery for tenants and leaseholders.
- 1.4 It is recommended that the most effective option to achieve this would be to bring the management of the housing service back in-house, and that this should be done without delay.

## **2. Recommendations**

2.1 Urgent steps be taken to return the housing management function outsourced to CWH to the Council's direct control, as follows:

2.1.1 The Council will seek a mutual agreement with CWH to terminate the management agreement with effect from 1st April 2019; and

2.1.2 In case that mutual agreement cannot be reached then the Council will give unilateral notice to CWH to terminate the management agreement with effect from as soon as possible after 1st April 2019.

2.1.3 The Council will continue to engage with its tenants and leaseholders on the future provision of housing management services and how these services can improve.

2.1.4 In line with 2.1.3 above, the Council will undertake a review of the housing service provision and consult on a potential revised structure for the service with the aim of embedding a new culture centred on high performance and excellent customer service. This will be in consultation with all relevant parties.

2.1.5 Authority is delegated to the Executive Director, Growth, Planning and Housing to take all steps and to execute all documents required to achieve the above outcomes and in order to ensure the smooth transition of the transfer of housing services back in-house.

2.1.6 Authority is delegated to the Executive Director, Growth, Planning and Housing to agree in respect of any contract to which CWH is a party and which the Executive Director considers could be of assistance to the council in delivery of the housing management services and performance of its relevant function, that such contract is novated to the council or held on trust for the benefit of the council and that any such novation or trust may be executed on behalf of the council by the Director of Law.

## **3. Reasons for Decision**

3.1 CWH has experienced serious and ongoing service problems in a number of key areas particularly repairs and maintenance, the contact centre and responses to complaints and other queries from residents and Councillors.

3.2 It is in the best interests of tenants and leaseholders and in line with feedback from tenants and residents' groups for the Council to seek a mutual agreement with CWH to terminate the management agreement with effect from 1st April 2019 and transfer housing services back in-house.

## **4. Background, including Policy Context**

- 4.1 In 2017 a two-stage report from consultants Campbell Tickell (CT) was commissioned. The first stage in March 2018 identified serious weaknesses in CWH's management and made recommendations for improvement. The second stage in September 2018 provided an appraisal of future housing management options.
- 4.2 The CT March 2018 report (attached as Appendix 1) acknowledged that there had been improvements to the service since the Autumn of 2017 but emphasised that "there is much work still to be done".
- 4.3 The September 2018 report (attached as Appendix 2) considered the following four options:  
**Option 1:** Retain and refocus the current devolved management arrangement;  
**Option 2:** Return the provision of housing management services to the Council;  
**Option 3:** Adopt an alternative delivery model in the form of a trading company;  
**Option 4:** Outsource the service to one or more external providers.
- Of these, options 1 and 2 were assessed by CT as "valid paths for the Council to select, each having associated strengths and weaknesses, opportunities and risks".
- 4.4 The final CT report concluded that "the quality of customer care, service delivery, local ownership and connection with residents has been significantly compromised over the course of last year as CWH implemented its new Target Operating Model" and identified "significant operational problems that have at their root weaknesses in the oversight and management of the service". It advised that there was an urgent need to re-establish residents at the heart of CWH's culture.
- 4.5 When preparing their final report CT conducted stakeholder interviews with the following: Chair of Residents Council, Residents Council representatives (focus group) and Area Panel representatives (focus group). CT attended a meeting of the Residents Council on 29 July 2018 and a meeting of tenants and leaseholders on 9 August 2018. CT reported that "The service delivery experience over the last year of residents interviewed can be characterised as being one of frustration at the poor level of customer care and patchy response, and concern that the on-the-ground focus and local ownership of the service have been compromised."
- 4.6 In February 2018 City West Residential was fined £15,000 and placed on the Mayor of London's Rogue Landlord and Agent Checker for breaches of consumer protection legislation concerning failing to advertise its fees.
- 4.7 On 20 September 2018 the Council issued a press release on behalf of the Cabinet Member for Housing and Customer Service stating that "Along with the Council's Leader and Cabinet, I believe there is no option now other than to bring the management of council housing under the Council's direct control. We believe that this will be the most effective way of driving through the improvements that our residents need to see."

- 4.8 Since the Autumn of 2017 the Council has worked closely with CWH to try to refocus the service, including weekly meetings with its former CEO and interviews and meetings with the scrutiny committee. However, it is considered that the weaknesses in management and lack of performance or customer service oriented culture are deeply ingrained at CWH and it would be a challenging and lengthy process to eradicate these problems. Pursuing this option (option 1 considered by CT) would not serve the best interests of residents.
- 4.9 Pursuing option 2, bringing the service back in-house, would be in the best interests of tenants and leaseholders and in line with feedback from tenants and residents' groups. This should be combined with consultation and engagement with tenants and leaseholders on the future provision of housing management services and how these services can improve, in order to re-establish residents at the heart of service delivery.

## **5. Financial Implications**

- 5.1 The process of returning the housing management function to direct Council control will incur one-off costs - both directly through the project team in managing and implementing the transition and also potentially in altering certain contracts and agreements.
- 5.2 Specific areas such as TUPE and pension implications need to be worked through for CWH and its subsidiary company City West Homes Services Ltd (CWHS) to determine the potential costs associated with them. Not all staff within are currently part of the local government pension scheme (LGPS). As part of the TUPE process they will be given the opportunity to join the LGPS, this will increase overall revenue pension costs. The LGPS fund for CWH staff is currently in a surplus position from an actuarial perspective (although an accounting deficit due to accounting treatment), therefore there are no expected one off cash payments to the fund required as part of the transfer of the fund back to the Council, but an updated valuation will be required.
- 5.3 In year financial performance will continue to be monitored against the agreed savings of £0.950m already accounted for in the 2019/20 HRA budget. One-off costs may be incurred in the HRA and GF as part of the process and these will need to be identified and monitored. Such costs are not currently recognised within the budget and so are expected to be funded corporately. There is potential for further savings once the housing management functions are being delivered directly by the Council. This would mostly be within the HRA but there may be an element of General Fund cost reduction, work will commence on identifying potential further savings and the associated implementation costs prior to 1<sup>st</sup> April 2019.
- 5.4 The Council already incorporates CWH as part of the year end group accounts process. If the decision is taken to bring CWH back into the Council, the accounts for CWH (and CWHS) for the year ended 31 March 2019 will have to be prepared on the basis of them not being a going concern. As at 31 March 2018 there was a deficit balance on the balance sheet as a result of the accounting deficit on the pension scheme, while there were other usable

reserves of £569k. The final reserves, including pension reserve, of CWH would transfer to the Council on 1 April 2019.

## **6. Legal Implications**

- 6.1 The Council is able to terminate the management agreement with CWH dated 27 June 2013 in a number of circumstances. Preferably, this will be with the agreement of the Board of CWH, with effect from 1st April 2019.
- 6.2 The Council has an unconditional right unilaterally to terminate the management agreement by serving 6 months' written notice. Such a notice may be served as a fall-back in case agreement is not reached with the Board of CWH for earlier termination on 1st April 2019.
- 6.3 The Council is obliged by sections 105 of the Housing Act 1985 and 137 of the Housing Act 1996 to consult with secure and introductory tenants on matters of housing management, which might potentially include the termination of the management agreement, but only if WCC is of the opinion that bringing the housing service back in house amounts to a change of the Council's policy or practice that is likely to affect substantially its secure/introductory tenants. The Council may reasonably take the view that bringing the housing service back in house is not likely substantially to affect its tenants since no change to the content of services or permanent staff will result from termination, merely the governance of service delivery will come back in house, and that this will only benefit its tenants. Further, consultation and engagement with residents has indicated that they are overwhelmingly dissatisfied by CWH's management of the housing service.
- 6.4 DCLG guidance dated December 2011 contains advice on the manner of consulting with tenants about bringing housing services back in house from an ALMO. The Council is of the view that local and appropriate consultation and engagement has taken place to date with residents and stakeholders and further in-depth consultation will now take place in re-shaping the future of the new service if it is brought in house. There is now an urgent need to improve service delivery by bringing the service back in-house, which should not be delayed by a further consultation exercise.

## **7. Staffing Implications**

- 7.1 The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will operate to transfer the contracts of employment of CWH staff to the Council. TUPE, which applies to employees only, preserves continuity of employment and existing terms and conditions.
- 7.2 A transition plan will be developed to define and embed the new culture of high performance and customer service and successfully relocate staff physically or virtually, as required.
- 7.3 The Council intends to inform and consult with employees and trade unions jointly with CWH. A joint communication plan for both internal and external

communications will be devised and reviewed throughout the project to ensure timely and accurate information is disseminated to all key stakeholders.

- 7.4 In line with TUPE the Council will notify CWH of the measures it expects to take after the transfer.
- 7.5 Early engagement and effective ongoing communication with employees and the trade unions will be aimed at mitigating any potential risks of not maintaining service delivery during the transition period.

## **8. Consultation**

### **Consultation with leaseholders and secure/introductory tenants**

- 8.1 The Council will consult with its tenants and leaseholders on how services can improve, following the formal decision to bring the management of housing services back into the Council's direct control. Consultation with residents will take place through the existing formal resident involvement structure. This includes the Residents Council, four Resident Area Panels and the 22 registered Resident Associations covering over 8,000 properties.

## **9. Transition**

- 9.1 A transition plan will be developed to define and embed the new culture of high performance and customer service and successfully relocate staff physically or virtually, as required.

## **10. Proposed next steps if recommendations in this paper are approved**

- 10.1 Obtain mutual agreement with CWH to terminate the management agreement with effect from 1st April 2019.
- 10.2 Serve 6 months' unilateral notice of termination of the management agreement forthwith on CWH, to terminate the agreement as soon as possible after 1st April 2019, as a fall-back in case such agreement cannot be reached.
- 10.3 Set up Member Governance.
- 10.4 Continue with the ongoing internal and external communication plan.
- 10.5 Inform residents and tenants and consult on re-shaping the service and which and how services could improve.
- 10.6 Obtain Employee Liability Information and carry out due diligence checks to better understand the WCC's obligations, future costs and risks going forward.
- 10.7 Begin planning the transfer of CWH employees to WCC.

**If you have any queries about this Report or wish to inspect  
any of the Background Papers please contact:**

*Barbara Brownlee*

**Appendix 1:** Report by Campbell Tickell 'Citywest Homes Customer Services and Repairs  
– Service Diagnosis', March 2018

**Appendix 2:** Final Report by Campbell Tickell 'City of Westminster Strategic Review of  
Housing Management Options, September 2018

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CityWest Homes  
Customer Services and Repairs  
- Service Diagnosis

**Confidential**

## CONTENTS

EXECUTIVE SUMMARY .....	4
1. INTRODUCTION .....	6
2. THE BRIEF .....	6
3. OUR METHODOLOGY .....	7
4. THE CURRENT STATE OF PLAY .....	7
5. EVENTS LEADING TO CURRENT STATE OF PLAY.....	28
Appendix 1 – Recommendations .....	33
Appendix 2 – Persons Interviewed and Meetings Attended .....	38
Appendix 3 – Mystery Shopping .....	40

**KEY**

Throughout the document we use the following terms:

AWT	Average Call Wait Times
CEX	Chief Executive
CSA	Customer Service Advisor
CWC	CityWest Connect – the CWH subsidiary that handles customer contact
CWH	CityWest Homes
FCR	First Contact Resolution rate in CWC Contact Centre
KPI	Key Performance Indicators
Relet 2017	The name given to the project to relet all the technical term contracts
Unappointed	A repair job issued without an appointment being made.
WCC	Westminster City Council

## EXECUTIVE SUMMARY

Having planned and started to implement significant change over the period 2015 to 2017, CityWest Homes (CWH) then faced serious performance problems in two business units: their new customer contact centre and the delivery of their new repairs contract by Morgan Sindall. Poor service triggered increased telephone calls. The new customer contact centre could not cope with the volume of calls, leading to a high incidence of abandoned calls and high call wait times. This in turn led to increased numbers of complaints and Members' enquiries. A damaging spiral of poor performance persisted.

In the face of these events, Westminster City Council increased the level of their clienting interactions with CWH and commissioned this report, the purpose of which is three-fold: to provide insight on the current position; to provide insight on existing and planned remedial works and to make further recommendations with regard to remediation where relevant; and to provide insight on how the issues arose.

The first key factor leading to the problems was the decision to run multiple change projects concurrently. Aligning the go-live of the new contact centre and the new repairs contract created unmanageably high risks. Our view is that the decision reflects a shortfall in the performance of the Executive Team at CWH in accessing and using housing management expertise in their decision-making. This shortfall in uploading expertise from the business was exacerbated by the lack of significant housing expertise in the Executive Team itself. In our view, the shortfall lies with CWH: the business cases for the transformation were comprehensive but misguided in ways that were difficult for the client to recognise.

CWH have in place comprehensive methodologies for programme and project management and for risk management. These methodologies were populated with data and actively used, but did not foresee or prevent the problems that arose. It is apparent from the documents we have seen that two separate change projects (the new customer contact centre and the new repairs contracts) ran completely separately, each reporting its progress but never, in the documents we have seen, considering the risks arising from the overlap with other change projects.

To exemplify the level of risk being incurred, if all the changes planned had worked through, then the story of a repair in summer 2017 would have been: a customer calling to a **new** contact centre; containing **redeployed** staff; in **new** premises; using **new** business processes; using **new** software; over **new** IT architecture; to call out a **new** repairs contractor; working to a **new** contract; reporting in to a **restructured** client function.

At go-live in summer and autumn 2017, a range of issues manifested. Since then, CWH have invested significant time and effort in securing service improvements. In approximately a two-week period, we have taken as thorough a look as has been possible at the current operations. It is clear to us that significant improvements have been made, as evidenced by improved performance metrics. However, there is much work still to be done. Moving forward, there needs to be as much focus on *how* things are done as there is on *what* things are done. Our report contains 78

recommendations. The majority of these are 'tweaks' or relatively minor additions to work already planned. A table of all the recommendations can be found below this executive summary.

The most important recommendation is that CWH are at a point where they need briefly to take stock and produce a new forward plan. That forward plan needs to:

- Provide assurance that CWH recognise and have taken ownership of the root causes of these change and performance issues;
- Sets out a new forward plan that applies that learning;
- Provide transparency on the costs of the programme up to this point and revised cost/saving forecasts.

Preparing the new forward plan provides CWH with the opportunity to demonstrate that they can create appropriate channels of communication and influence by which housing expertise within the business at mid-level and front-line can achieve appropriate influence on the forward plan. The new forward plan will enable CWH to set out their reaction to this report in a practical, business focused way and to provide the client with the assurance it rightly seeks.

The top 10 most important recommendations are:

1. Within four weeks, CWH should produce a new forward plan including:
  - Lessons learned;
  - Revised forward plan which incorporates lessons learned;
  - Insight on additional costs incurred and forecast and revised savings forecasts.
2. Close heed should be taken to ensuring that the voice of middle management and front-line staff can be found in senior management reports, in order to ensure that housing expertise within the business is being given the opportunity to influence operational matters.
3. Consider reorganising CWC and Repairs to report in to one Director, possibly a Chief Operating Officer.
4. Focus on resolving all outstanding IT issues.
5. Consider how the significant strengths of M&E operations can be achieved across the wider Repairs Team.
6. Introduce a competency-based framework for the training and assessment of CSA staff.
7. Consider co-locating more Morgan Sindall staff with CWC.
8. Implement systematic learning from complaints and monitor the quality of the analysis and outcomes.
9. Strengthen Core Group management of partnering contracts.
10. Develop effective strategies to deal with main causes of repairs and complaints, e.g. leaks, mould and damp.

## 1. INTRODUCTION

- 1.1. Westminster City Council (WCC) seek assurance on two aspects of CityWest Homes' (CWH) service delivery: the management of customer contact and the delivery of repairs services. WCC wish to be assured that following serious performance problems services are improving, that the improvements are sustainable and that lessons have been learned where appropriate.
- 1.2. In this report we consider the current situation first and latterly how the circumstances arose.
- 1.3. In preparing the report, we have had open access to CWH staff and data from the Chief Executive (CEX) to the front-line. CWH have responded with transparency to our presence in their business and we thank them for their support.

## 2. THE BRIEF

- 2.1. There have been two significant changes to the CWH service over the past year. Firstly, the restructuring of service delivery from 11 local offices to four area offices and the creation of a central customer contact centre. Secondly, a re-procurement of your term partnering contracts and the mobilisation of those contracts including the delivery of day-to-day repairs.
- 2.2. We have been briefed that a range of issues have arisen:
  - Contractor performance not adequate;
  - Leading to increased calls to the customer contact centre;
  - Performance in call handling not adequate;
  - All the above acting together to generate a large number of Member enquiries and customer complaints;
  - Remedial action has been taken by CWH and some reduction from the highest levels of poor performance has been achieved;
- 2.3. However, given the course of events outlined above, WCC is seeking insight on past events and the way forward:
  - Are the performance expectations clear?
  - How are the performance problems being managed out by CWH?
  - What are the key issues underlying the poor performance?
  - What was the sequence of events in CWH's handling of relevant matters?
  - How have CWH reacted as the situation has worsened?
  - Have remedial measures been timely, proportionate and effective?
  - Moving forward, are there recommendations to bring performance back to where it needs to be?
  - Looking across the piece, are structures, capacity and capability correct and sufficiently strong?

- Acknowledging that additional resources have been required and provided to deal with the position, is the approach operating within an agreed cost envelope and delivering good value for the level of cost being incurred?

### 3. OUR METHODOLOGY

3.1. Our approach is based on our well-developed understanding of the ALMO client role and the ALMO role, both at WCC/CWH and more widely. We have:

- Met WCC to gain a detailed understanding of the client's concerns;
- Analysed CWH performance data;
- Analysed the records of remedial action that CWH have provided;
- Carried out enquiries to validate performance data, such as mystery shopping of responsiveness to customer contact by telephone and email covering a range of subjects;
- Observed operations on the ground and met staff at frontline and supervisory levels as appropriate;
- Met senior staff within CWH to understand their perspectives on the issues and enable us to form a view on how the problems originated and then worsened, and on the remediation and improvement work undertaken and planned;
- The people we have interviewed and meetings we have attended are set out at Appendix 1.

#### ***Caveats***

3.2. This report has been prepared over a short period of time but nevertheless covers a lot of ground. A significant number of issues exist that we needed to consider. The volume of issues to consider within the short timescale mean that we have had limited time to triangulate our findings. We have nonetheless achieved appropriate confidence in the accuracy of our findings. Given the number of operational issues we have encountered, our findings focus chiefly on operational matters. There are more measures in place than are captured here. This report focuses on the key subjects of concern, and identifies the most pressing areas in need of improvement. Further work is required to better understand the financial implications of the problems, the remediation of the problems, and revised costs/savings compared to the figures quoted in the business case for the changes.

### 4. THE CURRENT STATE OF PLAY

#### ***Scope of Investigation***

4.1. The focus of this investigation has been to determine how the Contact Centre (CWC) and Repairs service were functioning, six months on from the creation of CWC and the letting of the new term contracts. We discuss in section 5 below the journey to the current point. In this section, we consider the current snapshot and future prospects.

**Approach taken**

- 4.2. We have needed to look across a wide range of issues in a short period of time. In order to cover a lot of ground succinctly we have adopted the following structure:

Subject of Concern	The key lines of our enquiry: <ul style="list-style-type: none"> <li>Clarified by bullet point examples</li> </ul>
Root Causes	Practical issues that led to the outcomes that are the subject of concern
Current Remedial Measures	Actions already in place or planned to mitigate the situation and improve
CT Findings	Our views on what we found
CT Recommendations	Actions to enhance current activity or propose new measures to secure further service or cost improvements

**Summary of key operational issues**

- 4.3. The key themes emerging from our review can be summarised as follows (we have made specific recommendations to cover these issues in the body of the report):

**Joint working**

- 4.4. The remedial measures now in place are largely reflective of successful team and joint working. This needs to be fostered further in order to achieve remaining improvement goals. This is true between WCC and CWH, and within CWH between senior, middle and frontline staff, across teams in different directorates and in partnership working with contractors.

**Effective management of partnering contracts**

- 4.5. CWH too often exhibits a traditional 'carrot and stick' approach to managing contractors. Work is needed to understand, adopt and enact a more partnership-focused approach. The suite of KPIs to be developed will help both sides focus on what is important, and encourage the right partnership behaviours. Consideration should be given to further work, such as facilitation, to build competent partnership working with the new contractors.

**Building CWC skills**

- 4.6. The training, supervision and monitoring of CSAs is central to preventing many complaints and causes of dissatisfaction. Hence CWH must prioritise investment in their training and development. We have recommended the implementation of a three-tier competency framework.

**Modernising the Repairs Team**

- 4.7. It will be important moving forward to enhance the way in which the technical teams are managed, in order to foster cross-team working and collaboration, and to develop robust plans to manage the repairs issues arising from the stock.

**Handling complaints**

- 4.8. Particularly given the circumstances of a new service model and new technical contracts, it is vital that learning from complaints is systematically gathered, analysed and applied.

**Communications**

- 4.9. Communications have a significant role to play in conveying, embedding and reiterating key messages about the new service model. Consideration should also be given to how better upwards communication can be fostered.

**Volume of projects**

- 4.10. In preparing this report, we have only been able to consider the change projects that directly feed in to our scope. The aspects of the programme we have looked at have been characterised by too many projects being programmed in parallel. It will be important to review the entire portfolio of projects and the quantum of business as usual. This should be a key lesson from this report.

**Financials**

- 4.11. In the short preparation period of this report we have only seen the costings that CWH were forecasting. We have not seen revised estimates for interim activities, proposed tapering costs or revised long-term forecasts of costs or savings. We are not unduly critical on this point. CWH have been 'all hands to the pumps' dealing with service problems. It is clear that significant additional cost has been incurred in the short-term. With performance improving now is an appropriate point for CWH to redraft their cost and savings forecasts as part of a new forward plan.
- 4.12. We do note that in the existing forecasts it appears as though savings not caused by or contingent upon the change programme have been included in the overall savings attributed to the change programme. It may also be the case that cumulative year-on-year savings have been counted.

**Are performance expectations clear?**

- 4.13. The answer to this question is somewhat mixed. At the highest levels, the CEX is quite clear on what WCC expect from CWH. However, further down the organisation there is less clarity. There will be value in CWH publishing to all staff a succinct statement of the performance requirements.

*1. Recommendation: CWH to publish to all staff a statement of the KPIs.*

**Have remedial measures been timely, proportionate and effective?**

- 4.14. The diagnosis of problems has been timely. The solutions applied have in general been reasonable. However, they have not necessarily been proportionate. For example, on the repairs contract the contracts were signed very late, handovers of repairs jobs and voids were far greater in number than indicated in the tender documents, no voids specification was in place at contract start yet all the responsibility for the poor performance was laid at the contractor's door.
- 4.15. As to whether the changes have been effective, that depends on what you measure. CWH initially put lots more people at the end of telephones but the service offered by those people was ineffective. So, call handling performance improved more than customer service and outcomes.
- 4.16. It is important to note that CWH are entering a new phase of activity wherein they are on top of the worst problems and need now to form a new forward plan which:
- Takes learning from the project/programme issues described in section 5 of this report;
  - Takes learning from the performance issues;
  - Takes account of the remedial measures taken;
  - Enables re-planning and reforecasting.

***Looking across the piece, are structures, capacity and capability correct and sufficiently strong?***

- 4.17. We have made a number of observations and recommendations on these matters. In terms of structures, it will always be the case that more than one structure could successfully deliver required outcomes. The most significant structural change we are recommending is creating the post of Chief Operating Officer. This will strongly signal that repairs and customer contact are engaged in a joint exercise to deliver excellent outcomes rather than being two separate entities each blaming the other for poor customer outcomes.
- 4.18. In terms of capacity, CWH are currently expending significant resource on servicing customer dissatisfaction. Lean resource levels to deliver a stable new service model are not yet known, but are likely to be lower than current levels. Pre-transformation CWH delivered good services in old-fashioned ways, expensively. Given that they will emerge from these problems carrying too much resource, there exists the risk that the service settles into a new groove of delivering good services in a new model, expensively. The weight and role of the pre-existing corporate culture in this potential outcome should not be underestimated.
- 4.19. In terms of capability, there are a number of strong and capable staff across the organisation. Our prevailing concern on this issue is the extent to which the voice of experience and housing expertise has been marginalised within the business. In the transformation papers the talk of the pre-existing model is all about the weakness of that model. We then see transformation plans which are insufficiently shaped/mitigated by housing expertise. There is a risk that a position arises where the voice of experience (“We tried something similar before and it didn’t work because...”) is perceived by senior management as being negative and becomes ignored. The key for us in this issue is that time and effort needs to be invested in creating a listening culture where expertise at frontline and middle management is valued and channelled positively and productively in pursuit of the new model. The development of the new forward plan represents exactly this opportunity.

***Top 10 Operational recommendations***

- 4.20. The 10 most important operational recommendations, for impact and management of risk are:
- (a) Consider reorganising CWC and Repairs to report in to one Director, possibly a Chief Operating Officer;
  - (b) Consider how the significant strengths of M&E operations can be achieved across the wider Repairs Team;
  - (c) Focus on resolving all outstanding IT issues;
  - (d) Introduce a competency-based framework for the training and assessment of CSA staff;
  - (e) Consider co-locating more Morgan Sindall staff with CWC;
  - (f) Implement systematic learning from complaints and monitor the quality of the analysis and outcomes;
  - (g) Strengthen Core Group management of partnering contracts;
  - (h) Carry out further analysis of call levels and repair requests and resource accordingly;

- (i) Develop effective strategies to deal with main causes of repairs and complaints, e.g. leaks, mould and damp;
- (j) Review all transformation, projects and action plans and re-schedule according to the real capacity for change.

### Detailed findings

<b>Subject of Concern</b>	<b>Poor management of the transition to the new term contractor:</b> <ul style="list-style-type: none"> <li>▪ Management of the demobilisation of existing contractor not adequate</li> <li>▪ Planning and management of mobilisation of new contractor not adequate</li> </ul>
<b>Root cause(s)</b>	<ul style="list-style-type: none"> <li>▪ Insufficient lead in time and planning to enable the incoming contractor to gear up</li> <li>▪ Incorrect repairs and voids data stated in tender documents, leading to far greater repairs volumes (tender stated 29K works orders per year, CWH typically carries out in excess of 45K)</li> <li>▪ Delays in contractor resourcing the contract in light of incorrect data (26-30 operatives required based on the tender)</li> <li>▪ Delays in agreeing voids specification (approx. three weeks after contract live date)</li> <li>▪ Eight voids promised at the start of the contract, 45 handed over</li> <li>▪ Failure to manage the exit process of Wates and engage contingency plans to prevent a backlog of repairs and voids – approx. 1500 jobs</li> <li>▪ Poor monitoring of Wates workload and their declining performance in carrying out works</li> </ul>
<b>Current remedial measures</b>	<ul style="list-style-type: none"> <li>▪ Measures to clear the backlog of repairs and voids are adequate and will achieve the outcome, just outside of the required deadline</li> <li>▪ A clear void specification is now in place and is working</li> <li>▪ The main contractor has now employed 53 operatives on the contract</li> <li>▪ The operatives' skillsets are matched to the repairs being raised</li> </ul>
<b>CT Findings</b>	<ul style="list-style-type: none"> <li>▪ The remedial measures are adequate for the current situation.</li> <li>▪ It is our view that there was insufficient planning for the departure of Wates, once the decision had been made to award the contract to Morgan Sindall</li> <li>▪ Key managers who had the skills and experience to manage this process left the business at a crucial stage</li> </ul>

	<ul style="list-style-type: none"> <li>▪ We have not been furnished with a coherent, detailed project plan that outlines all of the steps required to manage the transition from one contractor to another, hence it appears that new, incoming staff did not have a clear plan to work to</li> <li>▪ This process is very complex and requires strong project management and oversight, at the highest levels. There is no clear evidence that this was in place</li> <li>▪ We cannot find any explanation for the understating of annual repairs volumes cited in the tender documents. This has played a significant role in the initial weeks of the contract</li> </ul>
<b>CT Recommendations</b>	<ol style="list-style-type: none"> <li>2. The lessons learned from this experience should be documented and used to inform the current planning for future projects.</li> <li>3. Lessons learned to include a creating a checklist of change related risks against which all current projects should be reviewed to ensure the same mistakes will not happen again.</li> </ol>
<b>Areas of positive practice</b>	<ul style="list-style-type: none"> <li>▪ Remedial work to resolve the backlog of voids and repairs has been successful</li> </ul>

<b>Subject of Concern</b>	<p><b>Unresolved IT and integration issues:</b></p> <p>Inability to close down jobs and facilitate financial reporting</p> <ul style="list-style-type: none"> <li>▪ Inability of CSAs to carry out basic functions, such as re-booking appointments</li> <li>▪ Unable to produce performance information</li> <li>▪ Unappointed repairs being logged</li> <li>▪ Technical difficulties in the telephony system resulting in downtime</li> <li>▪ The setup of the IVR (Interactive Voice Recognition) is overly complex and not user-friendly</li> </ul>
<b>Root cause(s)</b>	<ul style="list-style-type: none"> <li>▪ Lack of clarity and changes in fulfilment of CRM requirement</li> <li>▪ Lack of reliable performance data available</li> <li>▪ Approx. 200 jobs per day being raised, 100 of which were unappointed (job issued with an appointment being made), of which approx. 30 are specialist, leaving 60-70 without explanation</li> <li>▪ The telephony is an inefficient system and has been known to crash frequently</li> <li>▪ The IVR system is needlessly complicated and illogical in its numbering sequences. For example, the first option is to press 9 for Repairs, instead of pressing 1. Further, it asks if the caller is a tenant or leaseholder, which is irrelevant as the call goes to the same team regardless. The use of music is a wasted opportunity to communicate some key messages, and it is irritatingly intermittent.</li> </ul>

<p><b>Current remedial measures</b></p>	<ul style="list-style-type: none"> <li>▪ An IT integration plan is in place. However, there is no common understanding outside the IT team as to the planned rate of progress and when key issues will be resolved</li> <li>▪ There is a weekly meeting between the relevant IT departments to discuss integration issues</li> <li>▪ Calls and repairs logged can now be tracked by user, so human error can be addressed directly</li> <li>▪ An IT strategy is in place which outlines IT developments across the business</li> <li>▪ A review of the IVR system has been planned for March, although this is in CWC's plan, and not IT's.</li> </ul>
<p><b>CT Findings</b></p>	<ul style="list-style-type: none"> <li>▪ Current remedial measures are promising but not adequate to ensure complete confidence in service improvements being delivered in an acceptable timeframe with no further loss of performance and customer satisfaction</li> <li>▪ The IT integration plan appears to be comprehensive and addresses most of the issues raised in the course of this review. It was noted, however, that the unappointed jobs issue is not included.</li> <li>▪ There are a number of tasks which are indicated as being out of target for resolution</li> <li>▪ There is a great deal of IT activity across all of CWH at present, and it is difficult to fully grasp how it all fits together and to be assured that the main issues affecting the business management needs and customer satisfaction are being prioritised</li> <li>▪ Morgan Sindall are preparing to change their main software/scheduler, and this clearly poses a risk to the partnership. This does not appear to have been discussed at any Core Groups, and there is no indication of a separate project plan to manage this process and its implications</li> <li>▪ There does not appear to be any plans to replace the telephony system, although it is clear that upgrades do take place</li> <li>▪ There are some weaknesses in how other parts of the business client their needs with IT</li> <li>▪ It is our view that the remedial measures need more direct input from senior managers to overcome delays and obstacles</li> </ul>
<p><b>CT Recommendations</b></p>	<ol style="list-style-type: none"> <li>4. The situation merits a more detailed consideration of the technical issues by external expertise</li> <li>5. There must be an urgent discussion held with the relevant IT team heads and senior CWH officials to gauge progress with IT issues, and re-prioritise as necessary to minimise current and forthcoming problems</li> </ol>

	<ol style="list-style-type: none"> <li>6. The way in which department and project leads interact and engage with IT needs a more mature clienting approach.</li> <li>7. Problems such as the inability of CSAs and reception staff to re/book appointments must be addressed urgently, as this is a key source of frustration for customers</li> <li>8. Each of the Core Groups must receive a report from the two IT departments (in person and written) with clear plans to address outstanding issues.</li> <li>9. The plan to change Morgan Sindall's main software needs specific planning and risk/project management for both partners.</li> <li>10. The telephony setup should be changed ASAP to auto-distribute calls to CSAs</li> <li>11. The IVR system should have some immediate changes made to reduce the irritations it causes.</li> <li>12. The ET needs to reassure itself that the IT priorities are correct, and that new initiatives may need to be placed on hold in order to divert IT resources to the most needed problem areas</li> </ol>
<b>Areas of positive practice</b>	<ul style="list-style-type: none"> <li>▪ There is a comprehensive plan and regular meetings in place between the IT teams</li> <li>▪ A large number of integration issues have been resolved</li> <li>▪ Joint working between CWH and Morgan Sindall has reduced the number of unappointed repairs to an average of 26 per day</li> </ul>

<b>Subject of Concern</b>	<p><b>CWC service weaknesses and complaint management:</b></p> <ul style="list-style-type: none"> <li>▪ Long average call wait times (AWT)</li> <li>▪ Low first contact resolution rates (FCR)</li> <li>▪ High numbers of complaints</li> <li>▪ Call back process overwhelmed</li> </ul>
<b>Root cause(s)</b>	<ul style="list-style-type: none"> <li>▪ Underestimate of likely demand leading to far greater level of incoming calls than planned or resourced for at the launch of CWC</li> <li>▪ The call levels at that time were exacerbated by the Grenfell disaster</li> <li>▪ Untrained and inexperienced staff put on the telephones to redress low staffing and to deal with call volumes, resulting in poor call handling, and poor quality works descriptions</li> <li>▪ Call back processes implemented to reduce call waiting time have impacted FCR, quality of service, and caused upset to customers and more work for staff (double handling)</li> <li>▪ Call back process managed through a series of inboxes, which were observed to contain a total of 1587 active emails when reviewed</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Wates winding down, causing customer dissatisfaction, adding to CWC call rates</li> <li>▪ Lack of an effective chase up process with new contractor for the initial months of the contract</li> <li>▪ Calls have not been setup to auto-distribute evenly to CSAs</li> <li>▪ Recommendations inbox (witnessed as containing 480 emails) is wrongly placed within the Admin team, instead of Property Services</li> <li>▪ Jobs have been logged without appointments, although some are due to human error and specialist trades, others still need explaining</li> <li>▪ Call levels are still high, at approx. 5000+ per week, and approx. 1700 emails per week.</li> <li>▪ The complaints team is overwhelmed by the number of complaints and the role of chasing officers is tiring. Reporting on complaints is manual and requires automation.</li> </ul>
<p><b>Current remedial measures</b></p>	<ul style="list-style-type: none"> <li>▪ New and emergency calls currently outsourced to Agilisys</li> <li>▪ Locator Plus has been implemented and training has taken place for CSAs</li> <li>▪ The Resolution &amp; Insight team has been disbanded and the CSAs returned to the Repairs team</li> <li>▪ Processes have been re-worked and staff have been re-trained, leading to increased FCR from 39% in December 17 to over 50% in Jan 18, and reduction of AWT from over 10 minutes in October 17 to approx. 2 minutes in Jan 18.</li> <li>▪ The % of calls answered in 30 seconds has increased to 62% in Jan 18, against a target of 70%.</li> <li>▪ Temporary staff are now being replaced with permanent and a 2-week induction programme is now in place</li> <li>▪ Plans are in place for Induction to be extended to include shadowing of other departments</li> <li>▪ A competency based assessment and scenario group exercise has been devised for new applicants</li> <li>▪ Regular meetings between Repairs, CWC and IT to iron out issues are taking place</li> <li>▪ Challenging target for AHT set (for existing repairs calls currently 13-14 mins, against target of 7-8 mins). This is for talk time plus admin time after. CSAs are coached on their scores.</li> <li>▪ Staff are about to be trained on new and emergency repairs, in preparation for bringing these calls back in house</li> <li>▪ MS schedulers co-located with CWC</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Floorwalkers introduced to assist CSAs</li> <li>▪ Inbound call capacity increased from 121 to unlimited calls at any one time</li> <li>▪ All CSAs now able to call MS planners for same day enquiries</li> <li>▪ SLA in place with Morgan Sindall to respond to non-same day queries within 2 days (direct to customers)</li> <li>▪ Daily scheduler error log now being examined by Contact Centre Managers</li> <li>▪ Guidance on 'What is Good' devised and distributed to CSAs, outlining performance levels expected of them, and lead to greater achievement of FCR, AWT, 70/30 and AHT scores.</li> <li>▪ It is planned to introduce an incentives scheme for CSAs based on the achievement of the targets</li> <li>▪ There is a CWC action plan, which includes an objective to automate complaints processes</li> </ul>
<b>CT Findings</b>	<ul style="list-style-type: none"> <li>▪ Current remedial measures are very promising but require further measures to ensure sufficient service improvements in an acceptable timeframe</li> <li>▪ Trained staff using Locater Plus is improving works descriptions</li> <li>▪ Lack of cohesion at a senior level to promptly address issues, regardless of cause, and work together to resolve</li> <li>▪ The complaints team is almost entirely reactive, and unable to take a more proactive role in preventing complaints, due to workload</li> <li>▪ In the face of high volumes of complaints and enquiries insufficient learning is being taken from complaints and enquiries and there is insufficient application of lessons learned to improve services</li> <li>▪ The current complaints processes require a lot of chasing of officers, many of whom are not doing their full day job due to the workload of complaints</li> <li>▪ The service offered to callers at reception in area offices will cause dissatisfaction given that the service is worse than that offered over the telephone. The customer offer is to send an email to the relevant team and to await a response.</li> <li>▪ Two incidents have been witnessed at reception which demonstrate a need for conflict training and how to de-escalate a situation.</li> <li>▪ After the disbanding of the R&amp;I team there exists in other teams some confusion about the structure of service delivery.</li> <li>▪ There are differing views between CWH and MS on the subject of jobs being logged without appointments.</li> </ul>

	<ul style="list-style-type: none"> <li>▪ The current CWC training plan (as provided to CT) is insufficient in scope and content</li> <li>▪ The measures used to assess CWC such as Average Call Handling Time (AHT), First Contact Resolution (FCR) and other metrics do not attempt to measure the quality of the interaction</li> <li>▪ There are no Service Level Agreements between teams e.g. between Repairs (who client Morgan Sindall) and CWC who provide call-handling on behalf of Repairs</li> <li>▪ The CWC action plan needs enhancement and the contents shared with IT</li> </ul>
<b>CT Recommendations</b>	<ol style="list-style-type: none"> <li>13. A review of Locator Plus during April to include front line staff feedback, as well as KPI and financial information to determine its impact on performance.</li> <li>14. The Resolution processes need to be urgently reviewed to ensure that the customer experience is optimised at all stages, ensuring that customers are visited where this is most likely to resolve the issue</li> <li>15. Implement a straightforward competency framework for CSA's with three identified levels of competency across the range of issues they deal with</li> <li>16. CSAs' training and induction programme and contents to be urgently reviewed to fall in line with competency framework and to ensure sufficient scope and depth, and to include time spent with operatives. The partner contractors to be involved in the training of CSAs. Competencies and training to cover disrepair, warranties and guarantees and conflict training. The depth of the training to reflect that this cohort of staff is the core of CWH's customer service offer</li> <li>17. The 'What is Good' practice and assessment process should be expanded to provide ongoing competency measurements of CSAs. It could also be adopted and adapted for other teams.</li> <li>18. Further analysis of emerging data is required to fully scope the CWC service for the future, in terms of performance and resources required</li> <li>19. Review the scope of service available to callers to Area offices. Ensure the service available is at least as good as is available online or over the telephone, whichever is better.</li> <li>20. Ensure staff dealing with customers face-to-face are competent in handling challenging interactions.</li> <li>21. Consider increasing the number of Morgan Sindall staff co-located in 155 Westbourne Terrace, to assist in quicker resolution of queries, complaints and to build the required working relationships to develop the partnership</li> </ol>

	<ol style="list-style-type: none"> <li>22. CWH and MS need urgently to reach a shared position on the subject of repairs without appointment.</li> <li>23. CWH should plot a timeline to dealing with all repairs calls and identify the milestones on the journey that will demonstrate that capacity and capability are being attained that can support the workload. If milestones are not achieved it will be necessary to develop an alternative long-term plan for the handling of the calls.</li> <li>24. The current CWC training plan (as provided to CT) is insufficient in scope and content, and needs to be strengthened by aligning it to the competency framework.</li> <li>25. Introduce a performance metric for CWC that captures the quality of the interaction from the customer perspective such as satisfaction with call handling, perhaps using texting after a call</li> <li>26. Put in place SLAs between the CWC and each of its internal clients to improve the clarity of the relationships and support appropriate clienting of the internal relationships</li> <li>27. The process of capturing analysing and implementing learning from complaints is in need of improvement. The position needs to be reached that operational teams are given the opportunity to learn from complaints.</li> <li>28. Develop transparent paired and/or matched objectives between CWC and internal clients, starting with Repairs to foster co-working to solve problems.</li> <li>29. CWH should continue to engage a high level of professional mystery shopping to reality test services, until consistently good results are achieved</li> <li>30. Develop a format for the detailed analysis of specimen complaints. From first service request to complaint resolution, learning taken and implementation plan for the application of learning.</li> <li>31. Require the presentation of three end-to-end reports to each Executive Team meeting, by a Director, to ensure appropriate visibility to senior managers of the customer experience and of management practice.</li> <li>32. If possible, plans to automate the complaints process should be expedited</li> </ol>
<p><b>Areas of positive practice</b></p>	<ul style="list-style-type: none"> <li>▪ The new training and induction seems to be having a positive effect on the quality of call handling</li> <li>▪ The call centre managers have a great deal of experience from which CWC can gain and achieve further service improvements</li> <li>▪ The FCR figures have</li> <li>▪ The AHT figures are improving, as are call waiting times</li> </ul>

	<ul style="list-style-type: none"> <li>▪ The complaints team is well organised and demonstrate an excellent level of customer focus</li> <li>▪ The new competency based selection process is an improvement on recruitment practice</li> <li>▪ A high-profile complaints process has been introduced to improve responses</li> </ul>
<b>Subject of Concern</b>	<b>Repairs Service Weaknesses</b> <ul style="list-style-type: none"> <li>▪ High levels of customer complaints</li> <li>▪ Poor performance of responsive repairs contractor</li> <li>▪ Poor performance of Repairs team in managing mobilisation</li> <li>▪ No performance information to reliably manage the service</li> </ul>
<b>Root cause(s)</b>	<ul style="list-style-type: none"> <li>▪ Insufficient understanding of the contract terms by CWH staff</li> <li>▪ Insufficient maturity of clienting skills within Repairs team to manage the contract successfully from mobilisation</li> <li>▪ Staff within CWC and Repairs have adopted a silo mentality and been blaming each other rather than working together to fully resolve issues</li> <li>▪ Lack of a clear SLA between Repairs and CWC specifying requirements and delivery methods/standards</li> <li>▪ Repairs teams are swamped with complaints and Members enquiries, and seem unable to get ahead of them by learning and implementing lessons</li> <li>▪ High levels of Emergencies, circa 40%</li> <li>▪ Historic lack of comprehensive response to leaks, damp and mould</li> <li>▪ Strong perception that Surveyors and other Repairs team members will not return calls</li> <li>▪ Incorrect diagnosis of problems by surveyors</li> <li>▪ Slow responses to recommendations from Morgan Sindall for follow on works</li> <li>▪ History of poor compliance, leaving customers and the organisation at significant risk</li> <li>▪ Repairs are being placed with the wrong contractor, due to setup of Locator Plus and human error</li> <li>▪ The team needs support for dealing with high profile repairs issues which do not have immediate or simple solutions.</li> </ul>
<b>Current remedial measures</b>	<ul style="list-style-type: none"> <li>▪ There is to be a training workshop on the contract terms for Repairs staff</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Access in the event of leaks has recently been reviewed for cross departmental collaboration</li> <li>▪ Leak detection team being established</li> <li>▪ Damp and mould being well resourced to resolve</li> <li>▪ Mapping exercises are being undertaken to address the job raising errors</li> </ul>
<b>CT Findings</b>	<ul style="list-style-type: none"> <li>▪ The remedial measures are not adequate to ensure robust management of the Repairs &amp; Void contractor.</li> <li>▪ Original authors of the tender, specification and terms have left the organisation, so there is no continuity</li> <li>▪ Loss of expertise that had previously successfully procured and mobilised large technical contracts</li> <li>▪ Lack of cohesion at a senior level to promptly address issues, regardless of cause, and work together to resolve.</li> <li>▪ Lack of strong leadership in Repairs with partnership experience, to oversee demobilisation, mobilisation and delivery</li> <li>▪ The process by which Morgan Sindall notifies CWH of follow on works/Recommendations is wastefully bureaucratic</li> <li>▪ The review found that key areas of compliance had been transformed through the micro-managing of the M&amp;E contractors and CWH M&amp;E officers.</li> </ul>
<b>CT Recommendations</b>	<ol style="list-style-type: none"> <li>33. Address the lack of cohesion at a senior level through an external assessment and development of appropriate coaching, training and team-building.</li> <li>34. The leadership within Repairs must be strengthened through appropriate training, mentoring and coaching, or further skills brought in. The service needs pro-active and robust leadership applied to its internal team dynamics and its relationships with other CWH teams and external partners.</li> <li>35. Consider the potential of a Chief Operating Officer role to provide a clear one-team context to improve the outcomes jointly achieved by the CWC and repairs teams</li> <li>36. Review and simplify the process by which Morgan Sindall notifies CWH of follow on works/Recommendations</li> <li>37. The service standards outlining surveyor responses to works should be reviewed, communicated and measured/monitored</li> <li>38. The Repairs team should take a lead role in resolving the job logging errors as this compromises budgets and warranties etc.</li> <li>39. CWC and Repairs staff objectives to be linked and measured to encourage co-working to solve problems.</li> </ol>
<b>Areas of positive practice</b>	<ul style="list-style-type: none"> <li>▪ M&amp;E improvements in compliance have been well managed and delivered reliable results</li> </ul>

<b>Subject of Concern</b>	<b>Partnership with Term Contractors – Core Groups</b> <ul style="list-style-type: none"> <li>▪ Contractors required more assistance to mobilise and deliver</li> <li>▪ Greater partnership approach required from the outset to resolve current issues and develop the service together</li> </ul>
<b>Root Cause(s)</b>	<ul style="list-style-type: none"> <li>▪ Core Group(s) failing to get to grips with mobilisation of and performance of term contracts.</li> <li>▪ The pricing mechanism used in the Repairs &amp; Voids contract (Price Per Repair) is unhelpful and works counter to the desired behaviours CWH would want from its main contractor and operatives.</li> <li>▪ KPIs not yet defined and agreed for reporting purposes on all contracts</li> <li>▪ There is not yet a full partnership look and feel to the contract management, it feels rather more like 'stick and carrot', which detracts from the purpose of such contracts.</li> <li>▪ The Electrical Contractor has been working with CWH since 2007. They are concerned that issues they are still raising have not been addressed, in terms of H&amp;S, access issues and quoting for jobs that other contractors are then awarded</li> </ul>
<b>Current remedial measures</b>	<ul style="list-style-type: none"> <li>▪ For Repairs and Voids, there is an extensive operational meeting in place</li> <li>▪ There is a KPI workshop planned to agree definitions and collection methodology</li> <li>▪ There are terms of reference agreed for the Core Groups</li> <li>▪ CWH is launching a Strategic Alliance on 1st March to bring together all term contractors in adding social value and to explore further joint working</li> <li>▪ It is proposed that a Partnership Advisor be engaged to assess the partnerships and mediate any issues as needed.</li> </ul>
<b>CT Findings</b>	<ul style="list-style-type: none"> <li>▪ The remedial measures are not adequate to ensure the development of the partnerships through strong Core Groups and management processes</li> <li>▪ Insufficient seniority in chairing of Core Group(s), at least until the contracts are successfully embedded</li> <li>▪ Insufficient status of Core Group(s) within the CWH transformation agenda. The meetings lack the visible full backing of ET to address issues with strength and urgency.</li> <li>▪ The Core Group structure is in place and is constituted in line with the term contracts. However, the agenda is beleaguered with multiple operational issues, and this needs to be more</li> </ul>

	appropriately administered and managed to allow the Core Group to perform its proper function.
<b>CT Recommendations</b>	<p>40. The importance of the Core Group(s) must be emphasised by appointing senior chairs, and encouraging a joint presentation of CWH &amp; provider Contract Managers to the Group. This is to facilitate the right clienting and partnership behaviours, and to drive getting things done that are outstanding.</p> <p>41. Develop terms of reference for the Core Group Chair role with explicit reference to the types of partnership engagement that are required.</p> <p>42. Put succession planning in place which identifies the milestones at which a senior Core Group chair will step aside (performance outcomes achieved not time-served and the support that will be provided to the incoming chair.</p> <p>43. Hold a briefing on conducting Core Groups to ensure consistency of standards and behaviours.</p> <p>44. Develop a process to ensure that relevant common issues (such as H&amp;S) are handled consistently across all Core Groups.</p> <p>45. The training workshop on the contract terms, for Repairs staff must include the Partnership Manager of Morgan Sindall.</p> <p>46. The Strategic Alliance launch should also be used to foster input from external partners e.g. to explore common issues from contractors' perspectives of CWH as a client</p> <p>47. The KPI workshop to be chaired by a senior manager to focus and steer the discussion toward resolution and urgent implementation and to manage disputes</p> <p>48. The Core Group agendas should fully reflect the partnership working desired as set out in the contracts.</p> <p>49. CWH should ensure that the Core Groups discuss and minute fully any concerns raised which pose risks to the effective delivery of the contract.</p> <p>50. CWH should specifically ask all term contractors for their concerns as a standalone exercise in the first instance, in order to give Core Groups an initial overview of issues from the contractor's perspective, to act as an important contributor to discussion on how to improve outcomes working in partnership.</p> <p>51. We would endorse a partnership 'audit' by an appropriate advisor and use this to supplement action plans and training and the development needs of staff.</p> <p>52. The Core Group for Repairs &amp; Voids must have an urgent discussion about the current pricing method and agree plans to move from this to a mechanism which is better suited to the success of the partnership. It is recommended that Price Per Property (PPP) is fully explored as the most likely mechanism to fulfil the required aims.</p>

	53. A great deal has been achieved in the M&E department to ensure compliance and service improvement. The Repairs & Voids function has ground to cover to achieve the same quality of outcomes. Consideration should be given to how the strong performance in M&E can be played in to the work of the Repairs & Voids function including potentially a change in management structure.
<b>Areas of positive practice</b>	<ul style="list-style-type: none"> <li>▪ Well serviced Core Group structure is in place across all term contracts</li> <li>▪ Launch of Strategic Alliance is an early start to realising additional value from the term contractors</li> </ul>

<b>Subject of Concern</b>	<b>Health &amp; Safety and safeguarding</b> <ul style="list-style-type: none"> <li>▪ High numbers of assaults on operatives</li> <li>▪ High number of safeguarding concerns being raised by contractors</li> <li>▪ A significant number of H&amp;S compliance issues being notified by contractors</li> </ul>
<b>Root Cause(s)</b>	<ul style="list-style-type: none"> <li>▪ There is a lack of clarity about the process for investigating allegations of assaults and abuse towards partner's operatives</li> <li>▪ There does not appear to be a system of temporarily flagging a customer as potentially posing a risk or restricting services to them, whilst investigations are carried out</li> <li>▪ Contractors have reported to Core Group and operational meetings that they have had no formal feedback on incidents and investigations</li> <li>▪ There appears to be some discrepancy in understanding lines of responsibility in reporting incidents to Assure</li> <li>▪ There appears to be no formal links between the H&amp;S discussions in Core Groups and the CWH H&amp;S Committee meetings – required to ensure no risks go unreported or un-managed</li> <li>▪ There appears to be a culture of non-attendance at H&amp;S committee meetings, especially at late notice, resulting in cancellation. This poses a risk.</li> <li>▪ There appears to be no formal process for contractors to report safeguarding concerns, and for appropriate feedback to relevant teams on action taken</li> <li>▪ Partner contractors' H&amp;S personnel do not appear to be engaged with those of CWH</li> </ul>
<b>Current remedial measures</b>	<ul style="list-style-type: none"> <li>▪ There are regular H&amp;S Committee meetings diarised with an extensive list of attendees</li> <li>▪ The Core Group agendas include H&amp;S</li> </ul>

	<ul style="list-style-type: none"> <li>▪ There is an H&amp;S reporting tool 'Assure' in use</li> </ul>
<b>CT Findings</b>	<ul style="list-style-type: none"> <li>▪ The current remedial measures are not adequate to ensure improvement and mitigate the H&amp;S risks stated</li> <li>▪ The H&amp;S of operatives is not supported by a coherent framework of processes</li> <li>▪ The lack of a coherent framework exposes staff and residents to increased risks</li> <li>▪ There is a lack of priority given to the management of resident and operative H&amp;S in the delivery works in and around residents' homes</li> </ul>
<b>CT Recommendations</b>	<ol style="list-style-type: none"> <li>54. A process for reporting incidents involving customers should be agreed with partner contractors and implemented. It should also be formally adopted at the Core Groups</li> <li>55. The process should mirror the same stringent requirements as that which relates to CWH's own staff</li> <li>56. The process should include consideration of temporarily flagging customers and/or restricting services to them, pending an investigation and outcomes</li> <li>57. Within the process we recommend that senior housing managers should take the lead in ensuring such incidents are investigated thoroughly, in a manner approved by H&amp;S Advisors</li> <li>58. The process needs to fit within the broader approach to H&amp;S exemplified in other CWH H&amp;S policies.</li> <li>59. Develop a description of the reporting relationship between The Core Groups and the CWH H&amp;S Committee</li> <li>60. The process should describe how H&amp;S will be routinely reported via the Core Group structure, the triggers for exceptional reporting and the actions (such as H&amp;S staff presenting a case review to a Core Group) when exceptions are triggered.</li> <li>61. The roles requiring competence in the use of Assure should be identified, training needs identified and fulfilled and competence assured.</li> <li>62. Identify and articulate how the Executive Team will monitor the frequency, attendance at and business of the H&amp;S Committee in order to achieve assurance that H&amp;S matters are being given appropriate priority and quality of consideration by all relevant officers.</li> <li>63. Put in place a process by which partner contractors can report safeguarding and vulnerability issues, with appropriate feedback and monitoring mechanisms</li> <li>64. Hold a joint-meeting of CWH and partner contractor H&amp;S personnel to strengthen the management of issues in this area</li> </ol>

<b>Areas of positive practice</b>	<ul style="list-style-type: none"> <li>• Assure is in use as a tool for reporting and managing H&amp;S issues</li> <li>• There is a huge amount of H&amp;S activity currently ongoing, not least due to fire issues being prioritised</li> </ul>
<b>Area of Concern</b>	<p><b>Communications</b></p> <ul style="list-style-type: none"> <li>▪ Not adequate communication causing misinformation to customers</li> <li>▪ Complaints and enquiries arising due to poor communication</li> <li>▪ Poor internal knowledge of other teams and relevant progress</li> </ul>
<b>Key Issues</b>	<ul style="list-style-type: none"> <li>▪ Key managers do not understand how to harness communications as a tool to communicate with customers and stakeholders, and combat perceptions</li> <li>▪ Staff are responding to individual issues when it is clear a whole block or estate needs to be communicated with, including local Councillors – this is causing duplication</li> <li>▪ There is insufficient positive messaging from CWH to demonstrate appropriate achievements in service delivery and improvement</li> <li>▪ There is a lack of consistency in communication methods and styles</li> <li>▪ There has been an increase in complaints and queries raised on social media, and the responses need to be streamlined and expedited.</li> <li>▪ Positive service improvements are not being communicated between teams, such as the methodology for clearing the backlog works – leading to CSAs giving wrong information to customers</li> </ul>
<b>Current remedial measures</b>	<ul style="list-style-type: none"> <li>▪ There is an internal Communications Plan outlining many changes during 2018</li> <li>▪ A communication strategy is currently being devised</li> <li>▪ The CEO is personally undertaking more discussions with staff to aid communication</li> </ul>
<b>CT Findings</b>	<ul style="list-style-type: none"> <li>▪ The remedial measures require further discussion with project and department leads to ensure communication needs are met</li> <li>▪ Managers interviewed did not see communication as a tactical means to achieve objectives, rather as a service to assist with flyers etc.</li> <li>▪ The scale of messaging required across CWC and Repairs alone is extensive, and there is no evidence that this had been scoped</li> <li>▪ Given the political activity at the current time, we did not see an up-and-running Communication Plan, tailored to the circumstances, to better manage the current challenges</li> </ul>

	<ul style="list-style-type: none"> <li>▪ There exists the challenge to make the CWC the cultural heart of CWH's service offer. Aggregating up individual service requests to realise the need for block or estate comms is an example of the type of task that will indicate that the challenge is being met.</li> </ul>
<b>CT Recommendations</b>	<p>65. The communication and CWC/Repairs managers need to examine the business and devise a plan for all internal and external messaging (e.g. how do we communicate the state of blocks/repairs?) – a communications needs assessment is required</p> <p>66. The IVR system should be explored for messaging instead of on-hold music</p> <p>67. Key staff should be trained in relevant communications competencies</p> <p>68. There should be a far more rigid template for communications, including corporate fonts and standards, and a swift approval process. This is due on December 2018, but consideration should, be given to expediting this</p> <p>69. The social media incoming complaints should be formally recognised in the complaints process and policy, and the communications team given every assistance to ensure CWH responds appropriately and effectively</p>
<b>Areas of positive practice</b>	<ul style="list-style-type: none"> <li>▪ Communications team offers a wide range of skills</li> <li>▪ A good, business as usual, internal communications plan is in place with links to targets and business achievements</li> </ul>

<b>Area of Concern</b>	<p><b>Planning and transformation</b></p> <ul style="list-style-type: none"> <li>▪ Conflicting timelines and project objectives</li> <li>▪ Inconsistent project templates and standards</li> <li>▪ Inability to read across plans to gauge interdependencies</li> <li>▪ No complete picture of all plans across the business</li> </ul>
<b>Key Issues</b>	<ul style="list-style-type: none"> <li>▪ Timeline analysis shows a great number of projects coinciding with competing deadlines</li> <li>▪ The sheer number and scale of change projects is vast, and calls into question the realistic ability of the organisation to manage this level of change, given it is engaged in rectifying events from the last year</li> <li>▪ It is not clear what review has now taken place of the transformation and other plans, in light of the CWC and Repairs experience, to provide confidence that recurrence is not pending</li> <li>▪ The project to introduce Self Appointed Repairs is still continuing, despite the main contractor not having the IT capability to engage with it</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Generally, there is insufficient project management discipline outside of the Transformation Team</li> </ul>
<b>Current remedial measures</b>	<ul style="list-style-type: none"> <li>▪ There is a suite of Transformation plans with clearly identified Project Sponsors</li> <li>▪ The Management Board meets regularly to oversee project progress</li> </ul>
<b>CT Findings</b>	<ul style="list-style-type: none"> <li>▪ We could find no evidence of adequate warnings to ET and the Board of overlapping projects</li> <li>▪ We could not find any evidence of all plans being collated and reviewed to ensure that the same mistakes are not being made, and that resource planning is still realistic, given the current circumstances</li> <li>▪ Though the programme and project management methodology is comprehensive and well used the usage of it is not of good quality and the outcomes are demonstrably unsatisfactory</li> </ul>
<b>CT Recommendations</b>	<p>70. All project plans across CWH should be collated and reviewed, resulting in a report to ET giving them sight of the scale of activity, and the reality of its achievability.</p> <p>71. ET should review its priorities and assurances to its Board and WCC based on this review</p> <p>72. The format and type of plans throughout CWH should be standardised</p> <p>73. Project management skills and expertise disciplines are required at lower levels in the organisation, with appropriate training and templates to aid action planning</p>
<b>Areas of positive practice</b>	<ul style="list-style-type: none"> <li>▪ Prince II methodology has been used in the Transformation Team, enabling some effective project management</li> </ul>

### ***Mystery Shopping***

4.21. CT carried out mystery shopping in order to provide triangulation of our perceptions of services and performance data, and to inform our insight on the customer experience.

4.22. Our detailed findings can be found at Appendix 2. Our key findings are as follows:

- Looking in aggregate over the telephone calls - process, commitment to service, levels of knowledge all lacking;
- Website ok but very basic;
- Across 20 mystery shopping calls, the average time taken simply to reach a human voice was 4.5 minutes;
- The telephone system is one of the most frustrating we have come across in the sector due to the factors dealt with below;
- The various joins between online and telephony are not as tight as they need to be; several points on this are raised in Appendix 2;

- Cannot see how tenants and leaseholders can view personal accounts and repairs history;
- Cannot see how the website is being promoted through telephone calls and automated call recordings;
- Some unintended 'dead ends' in processes, e.g. cannot provide general advice over the telephone about RTB without a specific property address;
- The telephone system options are over-complicated and highly confusing;
- The music played whilst waiting for an advisor cuts out every few seconds;
- Average call answer times are poor – partly because of the number of options. Almost two minutes can be lost if a customer misses an option as the caller is channelled straight back to the initial auto answer options.
- The impression that is created is that the customer is speaking to the staff who deal with specific issues – this does not appear to be the case except for ASB and leaseholder enquiries;
- Some CSAs (non-specialist) cannot answer basic enquiries – perhaps too many are new?
- Overall, staff are unhelpful and unfriendly – they were heavily put out by the caller not providing a name and address;
- Translation and interpreting is shockingly poor given the borough's likely customer profile;
- All calls with the word 'complaint' are quickly passed to the Complaints Resolution Team;
- There is no attempt to finalise enquiries with 'can I help you with anything else' – the feeling I got was that they want to get rid of callers as quickly as they can.

## 5. EVENTS LEADING TO CURRENT STATE OF PLAY

### *The position of the Council*

- 5.1. WCC is the sole shareholder in CWH. The Council is represented by elected Members of the Board of CWH. The Council engages with and monitors CWH via the Council's clienting team. One of the strengths of the ALMO model is that the ALMO focusses solely on the housing service. The expectations of the Council are indicated in the Management Agreement and in the Council's approval of the ALMO's service delivery plans. The service is monitored by performance against an agreed list of objectives and key performance indicators.
- 5.2. For a number of years, the approach taken by the Council to the client relationship has reflected the ALMO's success in delivering on required performance outcomes. In terms of operational performance, this has historically been strong, and this was recognised by the award of 3 Stars twice in Audit Commission inspections and strong year-on-year performance against KPIs.
- 5.3. As CWH performance has worsened in recent months, WCC have ratcheted up their engagement. This report, commissioned by WCC in its role as the shareholder and ALMO client, is evidence of the recognition by the client of the serious nature of the issues and

outcomes occurring within CWH, and of the commitment of the client to ensuring that performance returns to expected levels.

**Summary of key issues**

- 5.4. Transformation on this scale (£7m of cost) is an undertaking that requires leadership, direction, management and supervision from the Chief Executive and Executive Directors. This is formally recognised by CWH in the Chief Executive's role as Senior Responsible Project Owner for the transformation programme, a role defined with CWH's project management methodology. Due to the scale of the changes, in preparing this timeline, we have focused on documents to the Executive Team and Board. Viewed across the service, a number of themes emerge. We comment on these below.

**Programme management**

- 5.5. CWH have a comprehensive programme and project management approach. This approach is capable of delivering good outcomes but will not cause good outcomes in and of itself. It can be the case, particularly if readers are not skilled in the technical content of the papers, that some assurance is erroneously taken from the extensive structures, lists and reports. Our view is that this may well have happened within CWH.
- 5.6. We have the strong impression that Business Transformation and Relet 2017 were operated as two completely separate projects. We have read a number of reports covering the period 2015 to the present. In each report we read that was dated prior to November 2017, if one of these projects was the subject, the other was not mentioned. It is not apparent that the programme management identified the risks of the two projects both mobilising at the same time. Nor is it apparent that the CEX and Executive Team colleagues did enough to ensure appropriate co-ordination across projects and engagement amongst colleagues on the Executive Team.

**Overlapping risks and risk management**

- 5.7. Leading on from the issue of projects being unduly separate, is the issue of overlapping risks. Whilst there is in place a comprehensive approach to risk management, the success of the approach hinges on the most important risks being identified, correctly described and appropriately mitigated.
- 5.8. Many of the project-by-project risks we have seen represent a moderate undertaking of risk management. However, there are significant omissions. There are virtually no overlapping risks or mitigations identified. By 'overlapping', we mean those risks that arise because timelines in projects are shortened and because the relationships of projects to one another are not considered. By way of example, looking across the change projects, if all the change had gone according to plan, reporting a repair would have involved:
- Calling to a new contact centre;
  - Containing redeployed staff;
  - In new premises;
  - Using new business processes;
  - Using new software;

- Over new IT architecture;
  - To call out a new repairs contractor;
  - Working to a new contract;
  - Reporting into a restructured client function.
- 5.9. Risks were reported, but the vast majority were project-specific. The omission of overlapping risks is a significant omission. Latterly one risk of 'pace of change' is put forward, which in part acknowledges the overlapping risks. The amount of change in a short period of time created a risk profile whereby one problem would beget another. That is exactly what happened.
- 5.10. Moreover, the detail of the timeline is not clear to us, despite having reviewed a number of documents. For example, it is not clear when the decision was taken to bring the Pinnacle contracts back in-house. What is clear is that the view was taken that another significant change could be added to the already crowded timetable.
- 5.11. The CRM issue is an example of how risks materialise when change is stacked very closely together. Early documents refer to a different approach to that in place at the point of go-live. Coping with these sort of changes is inevitably problematic when project timescales are foreshortened.

#### ***Housing expertise***

- 5.12. Our view is that there is evidence of insufficient housing management expertise being brought to bear at senior levels as the programme was conceived and approved. Seasoned housing professionals will have been through the re-letting of repairs contracts and the restructuring of housing operations and will know that it is either/or: you do one and then another, but not both at the same time. Each undertaking is complex and prone to delay. Attempting both at the same time can appear attractive as change is achieved quickly and in theory only one upheaval occurs. Though a case can be made, on paper, for the approach taken, it is our view that the seeds of the current problems lie in the detail of the initial plans. These are issues into which the senior team at CWH could have drilled down. It would have been a trickier proposition for the client to spot these risks as they considered the business cases for the change. The events that have followed provide evidence to support our view.
- 5.13. Altair have included a graphic in their TOM report which highlights the contact centre and the repairs contracts relet happening in close proximity. Hence the Executive Team had the opportunity to identify and mitigate the risks. Whilst we have seen a number of risks being reported, we have not seen evidence that the overlap risks were identified.
- 5.14. In addition to the issue of housing management expertise at senior levels are issues about retaining and listening to housing expertise within the business. There is significant housing expertise present with CWH as a business. By way of example, successive repairs contracts had been successfully procured, let and mobilised over many years. In a period of significant change, we might have expected the ex Head of Service Transformation's value to the business to be recognised. Instead the business lost his expertise in the run-up to the mobilisation of the repairs contracts.

5.15. Speaking more generally, it is not apparent to us that the housing expertise in the business was allowed appropriate influence on the change programme. The approach taken to the change programme was to run multiple change projects concurrently. Looking in from outside at the skill sets of the Executive Team, one sees considerable private sector experience but limited housing expertise. It seems reasonable to expect that the strengths brought by the Executive Team are in **how** to deliver change, with a premium on the importance of learning **what** to change from housing expertise within the business. Yet the documents we have seen and the outcomes that have occurred point to a shortfall in the uploading of housing expertise into the strategic approach to change management. Reconnecting with and making good use of mid-level and frontline housing expertise is an important issue moving forward.

***The business before the change***

5.16. The CWH business as it was before the transformation started is repeatedly described in the same terms within the paperwork we have seen. The pre-existing business is described negatively as a way to make the case for change. There is no positive narrative in the documents we have seen. This is despite the business having a long track record of successful service delivery. We wonder whether this is a further aspect in which strategic managers within the business adopted a view of the pre-existing business as deficient, which made them listen less to those who had worked in the business for a number of years than prudence would have suggested.

***The Target Operating Model***

5.17. The TOM lacks a clear big picture. It is not explicit what type of landlord CWH wants to be, what type of influence it wants to have, or what part it wants to play in the lives of its residents. It is not clear that the scope of the service has been articulated at strategic levels. If this does not happen, the risk is that it is articulated piecemeal in process reviews.

5.18. The CWC contact centre model perpetuates the role of 'mid-office' specialists. It is this approach that has repeatedly across the wider sector relegated front-line call centre staff to call handlers rather than service providers.

5.19. We recognise that some of this critique is essentially one view of the structure of a service model, compared to a differing view of how to achieve similar ends. Our point in raising these issues is that the perceived shortfalls within the model may be a further example where the lack of housing expertise at senior levels may have impacted the quality of the outcome.

***Over-optimism***

5.20. Our view is that, in the face of serious performance problems, regaining the confidence of stakeholders relies, in part, on those running the business demonstrating a realistic understanding of what has happened. Our view, based on the papers we have seen, is that the view conveyed is overly-optimistic, and lacks reflection on the causes of the problems and relies on lists of causes, most of which were entirely predictable and/or avoidable. The concern here is that the organisation may repeat mistakes already made if the appropriate learning is not taken.

**Recommendations arising from events leading to the current state of play**

5.21. Accordingly, we make the following recommendations:

74. CWH review the programme risk register, add key risks arising from overlapping project timelines, and set out mitigations which seek to mitigate the risks from the current starting position;
75. Consideration is given to bringing housing expertise into the Executive Team;
76. Consideration is given to how to signal the end of the separate nature of the Relet 17 and business transformation projects - an option is the creation of the role of Chief Operating Officer (with housing management expertise);
77. Close heed is taken to ensuring that the voice of middle management and front-line staff can be found in senior management reports, in order to ensure that housing expertise within the business is being given the opportunity to influence operational matters;
78. Within four weeks, CWH produce a new forward plan including:
  - Lessons learned;
  - Revised forward plan which incorporates lessons learned;
  - Insight on additional costs incurred and forecast and revised savings forecasts.

## Appendix 1 – Recommendations

### List of all recommendations

Our recommendations are as follows. For ease of reference, these are set out according to our findings at section 4 of this report.

1. CWH should publish to all staff a statement of the KPIs.
2. The lessons learned from this experience should be documented and used to inform the current planning for future projects.
3. Lessons learned to include a creating a checklist of change related risks against which all current projects should be reviewed to ensure the same mistakes will not happen again.
4. The situation merits a more detailed consideration of the technical issues by external expertise.
5. There must be an urgent discussion held with the relevant IT team heads and senior CWH officials to gauge progress with IT issues, and re-prioritise as necessary to minimise current and forthcoming problems
6. The way in which department and project leads interact and engage with IT needs a more mature clienting approach.
7. Problems such as the inability of CSAs and reception staff to re/book appointments must be addressed urgently, as this is a key source of frustration for customers.
8. Each of the Core Groups must receive a report from the two IT departments (in person and in writing) with clear plans to address outstanding issues.
9. The plan to change Morgan Sindall's main software needs specific planning and risk/project management from both partners.
10. The telephony set-up should be changed as soon as possible to auto-distribute calls to CSAs.
11. The IVR system should have some immediate changes made to reduce the irritations it causes.
12. The ET needs to reassure itself that the IT priorities are correct, and that new initiatives may need to be placed on hold in order to divert IT resources to the most critical problem areas.
13. A review of Locator Plus during April 2018 to include front-line staff feedback, as well as KPI and financial information to determine its impact on performance.
14. The Resolution processes need to be urgently reviewed to focus on optimising the customer experience at all stages, ensuring that customers are visited where this is most likely to resolve the issue.
15. Implement a straightforward competency framework for CSAs with three identified levels of competency across the range of issues they deal with.
16. CSAs' training and induction programme and contents to be urgently reviewed to fall in line with the competency framework and to ensure sufficient scope and depth, and to include time spent with operatives. The partner contractors to be involved in the training of CSAs. Competencies and training to cover disrepair, warranties and guarantees and

conflict training. The depth of the training to reflect that this cohort of staff represent the core of CWH's customer service offer.

17. The 'What is Good' practice and assessment process should be expanded to provide ongoing competency measurements of CSAs. It could also be adopted and adapted for other teams.
18. Further analysis of emerging data is required to fully scope the CWC service for the future, in terms of performance and resources required.
19. Review the scope of service available to callers to Area offices. Ensure the service available is at least as good as is available online or over the telephone, whichever is better.
20. Ensure staff dealing with customers face-to-face are competent in handling challenging interactions.
21. Consider increasing the number of Morgan Sindall staff co-located at 155 Westbourne Terrace, to assist in quicker resolution of queries, complaints and to build the required working relationships to develop the partnership.
22. CWH and MS need urgently to reach a shared position on the subject of repairs without appointment.
23. CWH should plot a timeline to dealing with all repairs calls and identify the milestones on the journey that will demonstrate that capacity and capability are being attained that can support the workload. If milestones are not achieved it will be necessary to develop an alternative long-term plan for the handling of the calls.
24. The current CWC training plan (as provided to CT) is insufficient in scope and content, and needs to be strengthened by aligning it to the competency framework.
25. Introduce a performance metric for CWC that captures the quality of the interaction from the customer perspective such as satisfaction with call handling, perhaps using texting after a call.
26. Put in place SLAs between the CWC and each of its internal clients to improve the clarity of the relationships and support appropriate clienting of the internal relationships.
27. The process of capturing analysing and implementing learning from complaints is in need of improvement. Operational teams need to be given the opportunity to learn from complaints.
28. Develop transparent paired and/or matched objectives between CWC and internal clients, starting with Repairs, to foster co-working to solve problems.
29. CWH should continue to engage a high level of professional mystery shopping to reality test services, until consistently good results are achieved.
30. Develop a format for the detailed analysis of specimen complaints - from first service request to complaint resolution, learning taken and implementation plan for the application of learning.
31. Require the presentation of three end-to-end reports to each Executive Team meeting, by a Director, to ensure appropriate visibility to senior managers of the customer experience and of management practice.
32. If possible, plans to automate the complaints process should be expedited.

33. Address the lack of cohesion at senior level through an external assessment and development of appropriate coaching, training and team-building.
34. The leadership within Repairs must be strengthened through appropriate training, mentoring and coaching, or further skills brought in. The service needs proactive and robust leadership applied to its internal team dynamics and its relationships with other CWH teams and external partners.
35. Consider the potential of a Chief Operating Officer role to provide a clear one-team context to improve the outcomes jointly achieved by the CWC and repairs teams.
36. Review and simplify the process by which Morgan Sindall notifies CWH of follow-on works and recommendations.
37. The service standards outlining surveyor responses to works should be reviewed, communicated and measured/monitored.
38. The Repairs Team should take a lead role in resolving the job logging errors, as this compromises budgets and warranties etc.
39. CWC and Repairs staff objectives to be linked and measured to encourage co-working to solve problems.
40. The importance of the Core Group(s) must be emphasised by appointing senior chairs, and encouraging a joint presentation of CWH and provider Contract Managers to the Group. This is to facilitate the right clienting and partnership behaviours, and to drive getting things done that are outstanding.
41. Develop terms of reference for the Core Group Chair role with explicit reference to the types of partnership engagement that are required.
42. Put succession planning in place which identifies the milestones at which a senior Core Group chair will step aside (performance outcomes achieved not time-served and the support that will be provided to the incoming chair).
43. Hold a briefing on conducting Core Groups to ensure consistency of standards and behaviours.
44. Develop a process to ensure that relevant common issues (such as H&S) are handled consistently across all Core Groups.
45. The training workshop on the contract terms for Repairs staff must include the Partnership Manager of Morgan Sindall.
46. The Strategic Alliance launch should also be used to foster input from external partners, e.g. to explore common issues from contractors' perspectives of CWH as a client.
47. The KPI workshop should be chaired by a senior manager to focus and steer the discussion toward resolution and urgent implementation and to manage disputes.
48. The Core Group agendas should fully reflect the partnership working desired as set out in the contracts.
49. CWH should ensure that the Core Groups discuss and minute fully any concerns raised which pose risks to the effective delivery of the contract.
50. CWH should specifically ask all term contractors for their concerns as a stand-alone exercise in the first instance, in order to give Core Groups an initial overview of issues

from the contractor's perspective, and to act as an important contributor to discussion on how to improve outcomes working in partnership.

51. We would endorse a partnership 'audit' by an appropriate advisor and use this to supplement action plans and training and the development needs of staff.
52. The Core Group for Repairs & Voids must have an urgent discussion about the current pricing method and agree plans to move from this to a mechanism which is better suited to the success of the partnership. It is recommended that Price Per Property (PPP) is fully explored as the most likely mechanism to fulfil the required aims.
53. A great deal has been achieved in the M&E department to ensure compliance and service improvement. The Repairs & Voids function has ground to cover to achieve the same quality of outcomes. Consideration should be given to how the strong performance in M&E can be played into the work of the Repairs & Voids function, including potentially a change in management structure.
54. A process for reporting incidents involving customers should be agreed with partner contractors and implemented. It should also be formally adopted at the Core Groups.
55. The process should mirror the same stringent requirements as that which relates to CWH's own staff.
56. The process should include consideration of temporarily flagging customers and/or restricting services to them, pending an investigation and outcomes.
57. Within the process, we recommend that senior housing managers should take the lead in ensuring such incidents are investigated thoroughly, in a manner approved by H&S Advisors.
58. The process needs to fit within the broader approach to H&S exemplified in other CWH H&S policies.
59. Develop a description of the reporting relationship between the Core Groups and the CWH H&S Committee.
60. The process should describe how H&S will be routinely reported via the Core Group structure, the triggers for exceptional reporting and the actions (such as H&S staff presenting a case review to a Core Group) when exceptions are triggered.
61. The roles requiring competence in the use of Assure should be identified, training needs identified and fulfilled, and competence assured.
62. Identify and articulate how the Executive Team will monitor the frequency, attendance at and business of the H&S Committee in order to achieve assurance that H&S matters are being given appropriate priority and quality of consideration by all relevant officers.
63. Put in place a process by which partner contractors can report safeguarding and vulnerability issues, with appropriate feedback and monitoring mechanisms.
64. Hold a joint-meeting of CWH and partner contractors' H&S personnel to strengthen the management of issues in this area.
65. The communications and CWC/Repairs managers need to examine the business and devise a plan for all internal and external messaging (e.g. how do we communicate the state of blocks/repairs?) – a communication needs assessment is required.
66. The IVR system should be explored for messaging instead of on-hold music.

67. Key staff should be trained in relevant communication competencies.
68. There should be a far more rigid template for communications, including corporate fonts and standards, and a swift approval process. This is due for implementation in December 2018, but consideration should be given to expediting this.
69. Complaints incoming via social media should be formally recognised in the complaints process and policy, and the Communications Team given every assistance to ensure CWH responds appropriately and effectively.
70. All project plans across CWH should be collated and reviewed, resulting in a report to ET giving them sight of the scale of activity, and the reality of its achievability.
71. ET should review its priorities and assurances to its Board and WCC based on this review.
72. The format and type of plans throughout CWH should be standardised.
73. Project management skills and expertise disciplines are required at lower levels in the organisation, with appropriate training and templates to aid action planning.
74. CWH should review the programme risk register, add key risks arising from overlapping project timelines, and set out mitigations which seek to mitigate the risks from the current starting position.
75. Consideration should be given to bringing housing management expertise into the Executive Team.
76. Consideration should be given to how to signal the end of the separate nature of the Relet 17 and business transformation projects. An option is the creation of the role of Chief Operating Officer (with housing expertise).
77. Close heed should be taken to ensuring that the voice of middle management and front-line staff can be found in senior management reports, in order to ensure that housing expertise within the business is being given the opportunity to influence operational matters.
78. Within four weeks, CWH should produce a new forward plan including:
  - Lessons learned;
  - Revised forward plan which incorporates lessons learned;
  - Insight on additional costs incurred and forecast and revised savings forecasts.

## Appendix 2 – Persons Interviewed and Meetings Attended

In order to identify and understand the issues, the following CWH and partner staff were interviewed:

Job Title	Team/Department
Chief Executive	Executive Team
Executive Director of Customer Services	
Executive Director of Strategy & Planning	
Executive Director of Shared Services	
Executive Director of Finance	
Director of Asset Strategy	
Head of Communications	Communications
E-Communications Advisor	
Programme Manager	CWC
Contact Centre Service Manager	
Complaints Team Manager	
Service Centre Manager	
Director of Property Services	Maintenance & Repairs
Head of Property Services	
Head of M&E Engineering	
Contracts Governance Manager	
Commercial & Performance Manager	
Home Improvements Manager	
M&E Business Support Officer	
Partnership Manager	Morgan Sindall
Regional Director	
Head of IT	IT & Transformation
Head of Transformation	
Transformation Manager	
Head of Operations	CWD (Housing)
Income Manager	CWD (Housing)
Special Projects Manager	

### Meetings attended

Attended the following:
Repairs & Voids Core Group
Domestic Heating Core Group
Electrical Core Group
Mechanical Core Group
Locator Plus training workshop
SAR Scoping Workshop
Leadership Team Meeting
Discussion meeting with Resolution team
Spent time on the call centre and with Resolution Officer
Repairs & Voids Operational Meeting

Attended the following:
CWD Managers Meeting
Discussion meeting for access in the event of leaks

## Appendix 3 – Mystery Shopping

### WEBSITE REVIEW

**Online services include: all tested and working ok as far as I could take them**

- Paying rent/service charges
- Report ASB
- Report condensation and mould (free home visit offered)
- Report tenancy fraud
- Apply for leaseholder alterations
- Apply for a key fob
- Apply for parking space, shed, garage or allotment
- Make Freedom of Interest Request
- Make a complaint
- Check repair responsibilities for tenants and leaseholders

*NOTE – No online repairs reporting form but telephone no and email provided.*

*Customers can use the online repairs tracker if they have the job number. This is referred to as the Chatbot Facility on the news page – and works only with jobs raised with Morgan Sindall. Chatbot option not offered when I called to ask whether I should call the contractor to find out whether they were still attending to my property.*

*Morgan Sindall do plumbing, carpentry, painting/decorations and gas repairs. They have several other contractors who do other repairs and pick up what Morgan Sindall can't deliver.*

### Repairs

Page says if repair isn't an emergency, 'we will book an appointment for you',  
*However, mystery shopping calls suggest that repairs appointments are made only for Morgan Sindall jobs and not for all contractors.*

*If the tenant is not at home, the contractors leaves a card. Tenant is asked to contact CityWest within 7 days to rearrange the appointment. Mystery shopping calls suggest that missed appointments after 7 days are raised as a new repair – this might well be inflating the number of repairs jobs raised – nothing on website to encourage people to keep appointments.*

### Out of office hours emergency repairs

5pm to 8.30am – available for both tenants and leaseholders

*Telephone 0800 358 3783 – positive that same number applies for both routine and out of office hours emergencies.*

### Asbestos

General guide for residents. –

*Search button reveals letters sent to tenants about asbestos testing and removals. E.g. letter to 'Lisson Green' residents dated 25/1/18. Heading says 'Asbestos survey – replacement of communal heating and hot water systems' but the asbestos surveys are in the tenant's bedrooms and*

communal areas. Letter clarifies that intrusive work is likely to be done but rededs of the whole area will not be done. Letter ends with assurance that asbestos testing is carried out safely. Nothing about tenant not being able to use the bedroom in the meantime, moving things, what happens if asbestos is found – i.e. how long the bedroom is likely to be out of use. For the size of the authority I would expect to find more info about outcomes from specific surveys.

### **Gas safety**

Cadent – national gas utility company is doing major work across Westminster. Cadent offering £30 per day for residents whose supply is affected. CWH offering oil filled electric rads and alternative means of providing hot water. No info about what/who to contact.

### **Legionella**

*The only ref is for leaseholders' obligations. Nothing about CWH responsibility.*

### **Fire safety**

Residents can request a copy of the FRA via the website.

### **Local Drop-in sessions**

Website provides a list of venues and times for drop in sessions in different areas.

*Customer Service Centre staff do not appear to know about these sessions – it took an officer around 8 minutes to find out the day and time when the St John's Wood Estate sessions are held each week.*

### **Customer Service Centre report**

Regular reports on the CSC performance.

*Last report 21/2/18 says reduction in number of calls from 4849 to 4575 per week. The average wait time has increased from 1 minute 35 seconds to 1 minute 47 seconds. Frankly, I cannot see the purpose of the report.*

### **Handyperson Service**

Free to anyone aged 60+ or in receipt of disability allowance.

Qualifying residents can use the service twice in any 12 months, for 0.5 day per service use. First £50 worth of materials are provided free. DIY jobs included except for in-flat works, electrical/gas work and gardening.

*Mystery shopper call confirmed with website info, although I could not take this further without an address.*

### **TELEPHONE CALLS**

20 calls made between 2 February and 27 February.

Average time to get to a human voice is 4.5 MINUTES INCLUDING LISTENING TO VARIOUS OPTIONS

1. Auto answer kicks in straight away, followed by following options in this order:
  - a. First option is to Press 9 for repairs (*why would one start at 9?*)
  - b. Press 1 for CW Leaseholder
  - c. Press 2 for CW tenant
  - d. Press 3 for selling/letting/arranging free valuation (CityWest Residential)
  - e. Press 4 if you're not a resident
  - f. Press 5 if you want to hire a community hall

## **2. Non-repairs queries - leaseholders**

When leaseholders press 1 at the initial point (i.e. non-repair) the options are:

- a. Press 1 for account and making payment
  - i. 4 further options
    1. Arrears
    2. Auto payment option
    3. HB/Universal Credit
    4. General account enquiries
- b. Press 3 for ASB
- c. Press 4 for general enquiries and parking

As a leaseholder, if you press 4 for general enquiries there are further options:

- a. Press 1 for parking
- b. Press 2 for visitor parking
- c. Press 3 for Right To Buy
- d. Press 4 for general enquiries

### **3. Non-repairs queries - tenants**

When tenants press 2 at the initial point (i.e. non-repair) the options are:

- a. Account, payment options
- b. Press 3 for ASB
- c. Press 4 for general enquiries

If you press 4 for general enquiries there are further options:

- e. Press 1 for parking
- f. Press 2 for visitor parking
- g. Press 3 for Right To Buy
- h. Press 4 for general enquiries

*THE MOST CONFUSING AND FRUSTRATING PHONE SYSTEM I HAVE COME ACROSS IN THE AFFORDABLE HOUSING SECTOR*

*WHEN ON HOLD, THE MUSIC IS LIGHT CLASSICAL/EASY LISTENING BUT CUTS OUT EVERY 4-5 SECONDS SO THE CALLER ASSUMES THAT THE CALL HAS BEEN TERMINATED.*

*WEBSITE/EMAIL OPTIONS NOT OFFERED AS PART OF RECORDED MESSAGES*

### **4. Repairs**

- a. If you press 9, further option 1 for tenants, 2 for leaseholders
- b. Whichever number is pressed, the same options apply
  - i. Press 1 for new repair
  - ii. Press 2 for existing repair

### **5. New repairs**

- i. Appointments can be made only for Morgan Sindall jobs.
- ii. Appointments can be made to avoid school runs and have early am/late pm.  
(Positive)

- iii. For most other contractors – tenants' detailed are passed to the contractor who then calls the tenant to make appointment. No target for how quickly appointments are made by the contractor although they must complete work as follows:
    - 1. Routine jobs – 20 days
    - 2. Urgent jobs - between 3 – 7 days
    - 3. Emergency – same day, when pushed I was told within 24 hours (e.g. if I call at 4.30 in the pm)
- Got a sense that the system generates repairs priority.
- b. Existing repairs – staff can only check if appointment made for Morgan Sindall.
  - c. Existing repairs – 'Contractor did not turn up'.  
*Non-Morgan Sindall jobs for chasing up – different staff said, 'call the contractor directly' to 'if you give me your address and tell me which repair I will call the contractor and get back to you'.*
  - d. On two occasions, I was given Morgan Sindall's number to call 0203 755 2867 when I asked what to do in the event of wanting to change an appointment or if the contractor has not turned up.  
*Puts into question how contractor performance management works if tenants rebook / deal directly with contractors. I did telephone Morgan Sindall to say that I wanted to understand how repairs works – should I contact them directly. Was told that appointments must be made via CityWest but could call them if there were any issues.*
  - e. Communal repairs –  
*General enquiry (i.e. no actual address) shows that these appear to be regarded as non-urgent – was told that communal repairs are generally done in 20 days. CityWest does not know if work has or hasn't been completed unless tenants or leaseholders complain.*
  - f. Asked about compensation if a contractor does not turn up – (I had taken a day off for my uncle).  
*Was told to put this in writing as officer unsure about whether compensation is paid for contractor non-attendance.*

## General management

### 6. Non-repairs queries Right To Buy

- a. Chose Right to Buy and spoke to Frances.
- b. Said that I was calling on behalf of my uncle to find out how RTB works.
- c. She said she could not help without an address as each call has to be logged on the system.
- d. Explained that this is a general enquiry rather than about a specific property. She offered the CityWest website address despite explaining again that this was a general enquiry.

### 7. Non-repairs queries ASB

If you press 3 for ASB you get to speak with an officer.

Made 3 calls to verify that this is the ASB Team and I got a different answer each time:

1. Yes, this is the team that deals with ASB.
2. No we deal with everything and pass details to the right people.
3. Depends on what the issue is – we have to see whether it's ASB. When asked what constitutes ASB I was told 'it means 'Anti-Social Behaviour'.

When asked, 'Do you deal with noise nuisance?' Answer – NO, CALL NOISE TEAM – 0207 641 2000 CITY COUNCIL

## **8. Non-repairs queries RENT**

Asked if I can pay rent at local offices as I don't have a bank account.

*Informed that I can pay at the Post Office.*

*No effort to offer help/support or further questions.*

Asked what's included in my service charges.

*Was told that it's probably things like water rates. Asked about who pays for communal cleaning and was told it's probably 'all in there too'. When asked what happens if the cleaning is not done, does my rent go down? Was told well, no of course not. There should be a cleaning schedule at the entrance of my block. If I don't see a cleaner they will send an email to the whole team known as 'compliance team' plus cleaners and their supervisors to show that the tenant has complained.*

## **9. Non-repairs queries enquiry on behalf of people who don't speak English very well**

*'We always get people to understand us'*

*'We can put your name on the tenancy details so that you can speak on your uncle's behalf'.*

*'Can arrange an interpreter in a very serious 'life and death' situation as translators are expensive.*

## **10. Non-repairs queries enquiry about complaints**

3 calls about how to complain

*If you email us the Complaints Resolution Team will deal with it.*

## **11. Non-repairs queries enquiry about leaseholder charges**

3 calls about how to complain

*If you email us the Complaints Resolution Team will deal with it.*

*One call resulted in Sarah saying that she could not answer any general enquiries about what's included in service charges without an exact address (almost shouting) but confirmed that service charges are fixed for tenants and variable for leaseholders. Could not explain if leaseholders are recharged for things like bulk refuse collection from communal areas.*

*Another officer in the same team (male) was very patient and explained that leaseholders can pay charges 4 quarters, monthly, and have a longer-term arrangement to pay for major works if the bill is very high (e.g. listed building). Leaseholders generally pay service charges twice a year in advance – April and Oct.*

## **12. Non-repairs queries enquiry about wanting to sell or let out my leaseholder home with CWH**

Officer very good at 'selling' the company and how quickly they can sell or find a private tenant at market rents. Went cold when I asked why I should deal with a company that appears on the Mayor's website as a rogue agent. Asked me to send an email for her manager to respond to.

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City of Westminster

# Strategic Review of Housing Management Options

*Final Report*

**Contents**

1. Executive summary.....3

2. Introduction .....11

3. Methodology.....13

4. Service delivery framework .....15

5. Analysis of current management model .....20

6. Options for future delivery of housing services .....33

7. Conclusions and recommendations .....63

Appendix 1: THE COUNCIL’S BRIEF.....72

Appendix 2: DOCUMENTS REVIEWED.....75

Appendix 3: WESTMINSTER HOUSING SERVICES DELEGATED AND RETAINED SERVICES.....77

Appendix 4: STAKEHOLDER INTERVIEWEES.....80

Appendix 5: SERVICE ASSUMPTIONS .....82

## 1. EXECUTIVE SUMMARY

### *Introduction*

- 1.1 City of Westminster (Westminster) has commissioned a strategic review of its future housing management options, having regard to the current management arrangement between the Council and its ALMO, CityWest Homes (CWH). The effectiveness of the arrangement has come into question following a period of service-wide transformation in 2017, which, whilst modernising service delivery and realising significant savings, has put considerable strain on the relationship with key stakeholders – residents, Members and Council officers.
- 1.2 The operational and reputational damage sustained by CWH raises wider questions of the robustness of clienting and governance, whether the ALMO model still represents best value for money for Westminster, and whether moving forward it will maximise desired outcomes. The review considers four future management options:
- Option 1:** Retain and refocus the current devolved management arrangement;
  - Option 2:** Return the provision of housing management services to the Council;
  - Option 3:** Adopt an alternative delivery model in the form of a trading company;
  - Option 4:** Outsource the service to one or more external providers.
- 1.3 The review considers the most cost-effective model for Westminster to deliver housing management services, taking into account the Council's financial sustainability, the long-term viability of the Housing Revenue Account (HRA), and the Council's priorities and strategic direction.

### *Strategic and operational context*

- 1.4 At the core of Westminster's housing strategy are the objectives to achieve rapid increase in the supply of affordable homes whilst making best use of existing stock; drive forward neighbourhood renewal; and enable residents to fulfil their potential.
- 1.5 The housing delivery model in Westminster is complex, with services delivered through a network of inter-connected organisations and management arrangements, cliented directly by the Council or CWH.
- 1.6 The challenging operating environment and the scale of the response needed in light of the Grenfell fire, as well as with the range of potential changes outlined in the Social Housing Green Paper, highlight the need for strong housing management leadership and expertise, and a clear operational focus on delivering core housing services.

### *Assessment of current service delivery and efficiency*

- 1.7 Through stakeholder interviews and desktop analysis of key management documentation, we have formed the opinion that over time CWH has achieved a good level of operational performance and broader value-add outcomes for Westminster, with correspondingly high levels of resident satisfaction. However, the quality of customer care, service delivery, local ownership and connection with residents has been

significantly compromised over the course of last year as CWH implemented its new Target Operating Model.

- 1.8 This transformation caused significant operational problems that have at their root weaknesses in the oversight and management of the service. Firstly, the leaders of the change were not sensitive enough to its potential impact or flexible enough to change direction when there was an obvious need to do so. Secondly, the Board was seemingly ill-equipped and unsighted in assessing the risks associated with the change and in providing the necessary challenge once things started to go wrong. Thirdly, the clienting model and relationship was not robust enough to identify the risk associated with the change at an early stage or the performance issues as they arose.
- 1.9 The immediate priorities for CWH's new Chief Executive must therefore be to re-establish residents at the heart of the organisation's culture. A full review of the structure and governance processes is recommended to ensure the Board can re-establish its proper role, and, moving forward, a partnership approach is required, backed up by a refreshed Management Agreement.
- 1.10 A central question posed of this review is how efficient the current delivery model is. From our analysis of the evidence provided to us, we can conclude that the HRA is in a strong position and with resources to both sustain the existing stock and drive substantial levels of investment and regeneration. CWH makes operational surpluses and is on track to deliver £5.2m savings in implementing the new operating model, further efficiencies can be made to benefit the HRA and fund the business plan

### ***Facing the future***

- 1.11 Westminster, in common with every other local authority and social housing provider, is moving forward through a challenging operating environment that is subject to a fundamental reshaping driven by changes in Government policy (rent cap, Right to Buy, end of lifetime tenancies etc.), likely strengthened regulation (consumer standards and risk management) and market forces.
- 1.12 The viability of the current universal nature of the service offer is also open to question, particularly the sustainability of the high levels of customer demand, and service response offered, when matched against income generated. This may require resetting residents' expectations of the service and managing contentment against sustainable levels of service. The foundations for sustaining the service must be rooted in a laser-like focus on collecting rent and managing stock effectively. This will require both strategic direction and oversight, but also experienced housing professionals to deliver the outcomes.

### ***Assessment of the delivery options***

- 1.13 Analysis of Options 1 and 2 confirm that both are valid paths for the Council to select, each having associated strengths and weaknesses, opportunities and risks. Options 3 and 4 introduce the potential for a wider restructuring and refocusing of the service, potentially realising wider benefits, but at greater risk.

Option 1: Retain the ALMO with service refocused

- 1.14 Whilst CWH has operated effectively at 'arm's length' within the terms of its original Management Agreement, and has (as we understand it) delivered relatively efficiently over the past 16 years, the implementation of the new Target Operating Model has stretched the trust and belief in the organisation. It is less clear that the strategic aims and objectives of Westminster map directly to CWH's delivery priorities. Lines of communication have become less clear and this review has highlighted shortcomings in management, governance and clienting, as well as in CWH culture.
- 1.15 For CWH to be considered as a fully credible retained delivery vehicle for the housing service moving forward, a refocusing is recommended. This would create a 'new deal' for current and future stakeholders of the housing service in Westminster, based upon closer alignment with the Council's vision, strategic ambitions and resource priorities, a clear scope of service and sustainable service specification with non-core activities stripped away, refreshed governance and clienting arrangements to provide a more robust level of oversight and challenge, and closer partnership working with the Council and external delivery partners.
- 1.16 We anticipate that refocusing CWH would deliver broadly the same operational cost reductions as are currently planned as part of the ongoing programme to deliver cost savings of £5.2m. By refocusing CWH's services on a core offering and reducing the scope of the organisation's business activities, the directly controlled annual budget for CWH would reduce by £7.129m, with £3.443m of this transferring to other parts of the Council for continuing delivery. This refocusing would yield an initial reduction for the HRA of £1.444m, after taking into account the costs of procuring replacement services and making clienting improvements. These savings deliver broadly the same level of operational savings for the HRA, when compared with the existing savings programme. Delivery of this option would require development and implementation of a detailed plan, and would incur one-off implementation costs, which we have estimated at £350k.
- 1.17 For this approach to work, the relationship between the Council and CWH needs to be reset through the governance and clienting structures, recognising CWH as the Council's delivery vehicle and that whilst CWH is responsible for delivering landlord services, the Council is the accountable body. On CWH's side, there is a need to appreciate that its role is to operate to Westminster's agenda, and it should not view the relationship as 'us and them'. On the Council's side, there is a need to recognise that real potential benefits accrue from the arm's length nature of CWH's operation, specifically because of its single focus on housing delivery and improvement.
- 1.18 The strength of this option is that it maintains continuity and avoids any possible loss of focus, whilst accelerating efficiency gains already gained by CWH. The main risks associated with retaining the ALMO are inherent in the additional management cost of the model and that Westminster is dependent on the effectiveness of the relationship to deliver key service objectives.

### Option 2: Return the service in-house

- 1.19 Activities outlined for retaining CWH must also be delivered within this option, namely redefining the strategic vision and service specification, developing plans for managing resources, and delivering more affordable housing and value-add services.
- 1.20 Financially, bringing the service back in-house should accrue annual savings to the HRA in the region of £2.755m (i.e. £1.305m on top of the £5.2m savings already scheduled for CWH to deliver in the last two years of the current programme). The gains identified are a combination of staff savings and non-payroll costs (including Board costs) related to the operation of CWH. Alongside these operational savings, however, there are one-off implementation costs that will be needed to deliver the gains identified and in determining and implementing Westminster's 'offer' to residents. We have estimated these costs at £2.8m. The authority would also reabsorb any net assets held by CWH, and we have assumed a one-off £0.500m net gain to HRA balances from the receipt of net current assets held by CWH.
- 1.21 Engaging with residents will be critical and should be facilitated on the basis of a 'residents offer', with clarity of the vision and plans for housing (including development and regeneration), the proposed service structure and operational arrangements of the in-house service, the expected improvements and efficiencies that will be realised (including transition costs), and the alternative structures for resident engagement.
- 1.22 The transition back to the Council will also require careful planning and transition management, with a communication plan that engages staff and stakeholders. A clear target organisational design will be required that addresses current apparent cultural weaknesses. The service model must maintain focus on operational delivery and performance improvement.
- 1.23 The strength of returning the service to Westminster is that it gives direct control over the service at a time of considerable operating challenge. The main risks with returning the service to Westminster are the loss of momentum gained by CWH in its current turnaround phase, and a loss of focus at a time and in an environment when it needs to achieve demonstrably more.

### Option 3: Alternative delivery model

- 1.24 Delivering housing services through a trading company would potentially provide Westminster with a vehicle to reshape fundamentally the way it delivers the service and accelerate its growth aspirations, whilst retaining a level of control of the approach and outcomes.
- 1.25 The potential benefit of this approach is that it would create a holistic management framework for the housing service and could draw in associated support services. At the same time, by bringing together the governance and leadership of Westminster's currently separate housing delivery vehicles, it should provide for greater consistency in direction and delivery, as well as enabling integrated clienting arrangements. It could further facilitate some savings through integrated 'back office' operations. The main drawbacks are that LATCs can be complex structures and have associated levels of overheads.

- 1.26 It is not possible to quantify adequately the financial benefits or legal considerations within the scope of this review. A close analysis of requirements and business case definition would be required to move this option forward.

#### Option 4: Outsourcing the service

- 1.27 Outsourcing has proved to be a 'double-edged sword': while it has cut away outdated service delivery models and practices in many cases, it has also exposed shortcomings in strategic leadership and clienting, and has exposed authorities to market risks and corporate frailties.
- 1.28 That said, Westminster currently delivers significant elements of the housing service through third-party contracts, directly (homelessness and housing options service – RMG), or through CWH (repairs and maintenance service - Morgan Sindall; facilities management - Pinnacle PSG). These organisations have long-term contracts and established relationships with the Council and are well placed (potentially through a non-disclosure agreement) to help define a value-add delivery model and market proposition, potentially within the context of a trading vehicle, to create a new 'Westminster way'. This approach could be worked upon whilst the immediate problems of the service are resolved.
- 1.29 Again, it is not possible to quantify adequately the financial benefits or legal considerations within the scope of this review. A closely analysis of requirements and business case definition would be required to move this option forward.

#### ***Considering the delivery options***

- 1.30 Retaining CWH in its current form is not an option. If the Council decides to retain the ALMO, it will need refocusing to deliver the core housing service, with refreshed governance and clienting arrangements. However, building on its current strengths, it could make a contribution to delivering more affordable homes and value-add services that address Westminster's wider service priorities. With a new management agreement, and robust governance and clienting arrangements in place, this is a low risk option.
- 1.31 Returning the service to direct control could enable Westminster to reshape services more widely and also couple more closely with the development of affordable homes. It would give Westminster control over the service at a time of turbulence within the operating environment, without the current additional layer of CWH management.
- 1.32 We anticipate that returning CWH services to direct management by Westminster would reduce annual operating costs to the HRA by £3.494m, compared with £2.282m under the option that retains CWH. The option to return services to the Council would also see the reabsorption of CWH assets into the HRA, which would generate further financial capacity in the form of additional HRA balances. However, implementation of the return option would cost more initially, and could lead to a £0.300m increase in the client-side costs that fall to the General Fund, unless steps are taken to reduce the residual client-side costs.

- 1.33 Whilst the potential savings of returning to direct control are greater, so is the risk, as another period of change would be required on top of the one that the service is undergoing. Due consideration must also be given to creating the optimal service model within Westminster, how the transition will be managed, and how residents would be engaged in the process.
- 1.34 Removing CityWest Residential from the portfolio of services managed by CWH is the largest contributor to savings within both the 'retain' and 'return to direct control' options. A costed appraisal of the overall value of that business to Westminster (financial, social value etc.) is required to ascertain its future, and if it is of ongoing value, where else it could be more effectively and efficiently managed within the Council, compared with the present arrangements.
- 1.35 Whilst both of the primary options of retaining and refocusing the service or returning the service to direct control could potentially yield annual savings, the choice between them hinges on which of the strengths and risks associated with retaining CWH, or those associated with returning to the Council, are more likely to enable or hamper the delivery of service priorities. There is also a timing issue, in that a retained CWH can commence proposed changes immediately, whereas with returning to the Council, there would be a period of transition. We would anticipate that both options can be delivered within existing budgets and resources.
- 1.36 Adopting an Alternative Delivery Model such as a Local Authority Trading Company requires considerably more scoping and detailed analysis to enable viable comparison with the other two options. However, given the commissioning model already established within Westminster, and the fragmented delivery of the full housing service, it could provide a pathway to converging the service over time to realise greater value and outcomes. In the event that the Council opts to retain and refocus CWH, we would recommend that this option is scoped and explored in further detail with a view to a potential phased transition to a LATC group structure.
- 1.37 Adopting some form of outsourcing arrangement again also requires considerably more scoping and detailed analysis to enable viable comparison with the other options. However, it could also provide a pathway to converging existing services and outsourcing arrangements over time to realise greater value and outcomes. In the event that the Council opts to retain and refocus CWH, we would recommend that this option is scoped and explored in further detail alongside the evaluation of adopting an LATC group structure.

### **Recommendations**

- 1.38 Accordingly, our recommendations are as follows:
- (a) That whichever management option the Council chooses for the future management of the housing service, the immediate priority for the service remains operational recovery and rebuilding stakeholder confidence, whilst reappraising service goals and delivery mechanisms, by:
- (i) Aligning resident participation and engagement arrangements through Area Panels and Residents Council, building a single view of customer and

- community needs and expectations that can help shape neighbourhoods and services more broadly across Westminster;
- (ii) Developing strategic thinking to reshape services that respond to local priorities and operating environment;
  - (iii) Ensuring the best balance of service speed of throughput and one-and-done performance is established, with a focus on ensuring that a resident's circumstances and needs are understood, and the root cause of a problem resolved;
  - (iv) Ensuring resident communications explain change, are proactive, and are honest and open when problems occur;
  - (v) Ensuring that the housing management service operates in support of the wider delivery objectives of Westminster's housing and aligned services, at optimised cost;
  - (vi) Realising the potential efficiencies outlined above, and moving to a lower cost-base of service provision. Making best use of the HRA and General Fund and release funds to maximise efficiency through integrated business and financial plans that deliver objectives whilst making best use of skills and resources;
  - (vii) Ensuring the right leadership team and organisational culture is in place to deliver the above, with the right level of housing management experience and the nurturing of and responsiveness to specialist knowledge and local insight.
- (b) That if CityWest Homes is to be retained as the Council's ALMO, immediate steps are taken to strengthen governance and clienting arrangement, by:
- (i) Establishing a shared vision for CWH and clarity of purpose and goals with stakeholders, and to restate the strategic objectives of CWH within the framework of Westminster's overarching objectives and targets;
  - (ii) Reshaping and re-equipping the Board to enable it to lead the organisation and respond to the priorities of the client, and ensure that the Board provides effective strategic leadership and control of the organisation;
  - (iii) Ensuring that the quality of information and analysis provided to the Board is improved and that the Board is equipped to make informed, timely and effective decisions, with the necessary skills development in place;
  - (iv) Ensuring that the relationship between the Board and Executive Management Team is both challenging and supportive and that the relationship between the Board and the Council is clear;
  - (v) Revising the Council's clienting arrangements on the basis of an *Intelligent Clienting* approach, to maximise the value of each organisation to the other.
- (c) That if management of the service is to be returned to the Council, full consultation and detailed planning arrangements are implemented, by:
- (i) Establishing a clear and coherent 'offer' to tenants and residents, against which full stakeholder consultation and a Test of Opinion will be undertaken;
  - (ii) Ensuring engagement and direct accountability to residents will not be diminished through the transition period or when the service is run directly;

- (iii) Considering how the housing service would best fit within Westminster's structure to best meet strategic objectives and realise efficiency savings;
  - (iv) Seeking full legal advice on the regulatory, employment and commercial implications of winding up the ALMO;
  - (v) Defining a robust and appropriately resourced transition plan that would manage the transition process without compromising service delivery.
- (d) That if the Council decides a new approach to delivering the service is required through a trading company or outsourcing arrangement, that an in-depth analysis of the potential is developed, by:
- (i) Agreeing the objectives and outcomes sought from creating a new delivery vehicle or entering into a long-term partnership arrangement, and establishing clear service delivery priorities with stakeholders;
  - (ii) Working with the market to understand how different approaches could be supported from within existing partnerships or by shaping tenders to create new ones;
  - (iii) Developing a fully-costed and risk-assessed business case before proceeding with full stakeholder consultation.
- 1.39 In the final analysis, the Council and CWH are accountable to the residents of Westminster. We recommend that the opportunity is used to engage effectively with as many residents and stakeholders as possible, seeking to draw people into a debate about the nature of services delivered and the priorities for the future.

## 2. INTRODUCTION

2.1 Westminster has commissioned a strategic review of its future housing management options, having regard to the current management arrangement between the Council and its ALMO, CityWest Homes (CWH).

2.2 In considering the arrangements for the future delivery of housing services to Westminster's tenants and leaseholders, the overarching consideration should be the achievement of key objectives. From our understanding of the Council's position, and from our discussions with stakeholders, we consider these to be:

- Provision of high quality and cost-effective management services;
- Maximisation of resources available for the provision of affordable housing;
- Potential to 'add value' for Westminster tenants;
- Potential to accelerate the delivery of the Westminster Housing Strategy;
- Potential for wider 'added-value' across Westminster.

2.3 The review has been commissioned following a period of service-wide transformation, which, whilst modernising service delivery and realising significant savings, has put considerable strain on the relationships with key stakeholders – residents, Members and officers. The principal elements of the multi-layered change were to:

- Introduce a single point of entry into the service through a contact centre, while reducing the number of local service access points;
- Introduce a new systems architecture to support the above;
- Introduce a new repairs contract with new terms of reference - and in the event with insufficient mobilisation time allowed;
- Introduce a new staffing structure with revised roles and new specialist teams.

2.4 These changes were delivered within a new clienting framework and against the backdrop of the Grenfell fire and the run-in to the local government elections. The combined effect of all these factors led to an unmanageable surge in demand, which, compounded by the evident frailties of the new service model, led to a significant drop-off in operational performance, and a consequent drop in customer satisfaction and loss of stakeholder trust.

2.5 The operational and reputational damage sustained by CWH in 2017/18 raises wider questions of the robustness of clienting and governance, whether the ALMO model still represents best value for money for Westminster, and whether it is the best model moving forward to maximise outcomes for the City. The specific aims of this review are to advise the Council, residents and stakeholders on the best arrangements to ensure that:

- Services delivered make the most efficient use of resources and deliver the best value for money;
- Governance and risk arrangements are robust;
- Services are being provided to the highest and most consistent standards that resources will allow;
- Services are fully compliant with health and safety regulations and best practice.

The brief for the review is set out at Appendix 1.

- 2.6 The review builds upon detailed operational analysis and service delivery recommendations reported by Campbell Tickell in March 2018. It has been undertaken over a short timescale, and the findings are based primarily on a desktop review of key management documents, together with interviews with a number of core stakeholders. It has not been possible, however, to involve residents (the key stakeholders) to an extent that would normally be appropriate for a review of this nature, nor has the timescale for the review enabled us to observe a CWH Board meeting.
- 2.7 The review will consider the most cost-effective model for Westminster to deliver housing management services, taking into account the Council's financial sustainability, the long-term viability of the Housing Revenue Account (HRA), and the Council's priorities and strategic direction.
- 2.8 CityWest Homes is a fully constituted legal entity, and consequently there are a number of considerations in completing this business appraisal, whether as a result CWH is retained or wound up. Whilst we have highlighted the main legal considerations, this report does not constitute legal advice, and therefore full legal advice would have to be sought before any decision to proceed with winding up CWH.
- 2.9 Four options are being considered:
- Option 1:** Retain and refocus the current devolved management arrangement;
  - Option 2:** Return the provision of housing management services to the Council;
  - Option 3:** Adopt an alternative delivery model in the form of a trading company;
  - Option 4:** Outsource the service to one or more external providers.
- 2.10 The assessment of each option includes:
- Analysis of the costs, savings, benefits, potential operating structures and legal requirements;
  - The strengths and weaknesses of the option in terms of its ability to sustain and deliver a cost-effective service, its ability to generate surpluses through which new affordable homes can be provided, and its ability to support the strategic direction of the Council, balancing service quality, value, cost and risk.

### 3. METHODOLOGY

#### *Objective*

3.1 This review has evaluated the options for the provision of landlord services for Westminster's housing stock as the basis for an appraisal report for the Westminster City Council Cabinet.

#### *Assessment of the current delivery model*

3.2 A desktop assessment of the service delivered by CWH has been made against:

- Westminster's strategic plans and strategies;
- CWH business plans and strategies;
- Governance and clienting documents;
- Housing Revenue Account (HRA) and General Fund (GF) business plans;
- Annual budgets and returns.

3.3 A full list of the documents reviewed is set out at Appendix 2.

#### *Financial analysis*

3.4 We have provided an indicative financial analysis of the two principal options under consideration, but not for the third (the alternative delivery model) at this point, due to its complex nature. This analysis is based on a high-level assessment of the potential impact of the options on the current budgets for services provided by CWH (as reported to the CWH Board). In assessing the potential impact of these options, we have taken into account the likely action to be taken for each service, and the potential for reducing operating costs as a result of the option.

3.5 For each service provided by CWH, we have assumed one of the following actions:

- (a) No change (services continue as at present);
- (b) Reduce (costs are trimmed, protecting services where possible);
- (c) Transfer (the service continues to be delivered by another part of the Council, or one of its companies);
- (d) Eliminate (the service is terminated and no longer provided).

3.6 We have also identified the potential for some services to reduce their variable costs, whether by introducing efficiencies, reducing staffing levels, or by closer alignment with other CWH services or services provided by the Council.

3.7 Appendix 5 shows the full list of services, the action assumed for the two main options and the reduction in variable costs that has been assumed. Please note that our financial analysis purely provides an indication of the potential cost reductions that could be made. Further detailed analysis would be required to calculate firmer figures, as part of the Council's next steps in choosing and implementing its preferred option.

3.8 In addition to the service level analysis, we have conducted a high-level assessment of potential one-off and implementation costs in relation to the two main options. We have

also provided an indication of their potential long-term impact on the authority's GF and HRA.

***Stakeholder consultation***

- 3.9 Interviews have been conducted with a range of stakeholders, including Westminster Councillors; Westminster officers; the Chair of the CWH Board; CWH officers; Chair of the Residents Council; local housing partners; and service delivery contractors. We attended a meeting of the Residents Council on 29 July 2018 and a meeting of tenants and leaseholders on 9 August 2018. In addition, we attended a meeting of the Policy & Scrutiny Committee's Task Group on CityWest Homes on 16 August 2018.
- 3.10 Opinions regarding service performance, tenant engagement, the current role of CWH and future aspirations for the service have been sought.
- 3.11 A full list of interviewees is presented at Appendix 4.

## 4. SERVICE DELIVERY FRAMEWORK

4.1 In assessing the relative options for managing the housing service moving forward, it is important to understand the strategic priorities Westminster has set for the service; the local and national operating context that shapes the priorities and constrains the delivery of the service; the financial priorities that underpin the sustainment of the HRA and GF; and the components of the as-is housing service delivery model.

### *Strategic Housing Priorities*

4.2 The Westminster strategic plan *City for All* has the objective of creating a City where people are born into a supportive and safe environment, grow and learn throughout their lives, build fantastic careers in world-leading industries, have access to high quality, affordable homes and retire into the community with dignity and pride.

4.3 Westminster's Housing Strategy (2015) sets out a direction of travel for the provision and management of housing within Westminster, it has four overarching themes - *Homes, People, Places* and *Prosperity*.

- 4.4
- Homes** Deliver 1,250 affordable homes over next five years;  
 Make the best use of our assets, disposing to reinvest in new and more appropriate housing;  
 Implement the actions arising from our review of housing management options, focusing on costs and value for money;
- People:** Invest £12m to tackle damp and cold in Westminster homes;  
 Identify 450 council tenants most at risk of poor health and work with them to improve their living conditions;  
 Work with partners to identify the housing needs of vulnerable people and commission the right services for them;  
 Review how the Council engages with people and gets their views on its services and priorities for the future;
- Places:** Deliver high quality estate renewal schemes and make estate renewal 'business as usual';  
 With CityWest Homes, explore establishing partnerships with other housing providers, as well as healthcare, social and employment organisations in order to meet customers' needs in one place;
- Prosperity:** Allocate some social housing to low income working households that wouldn't ordinarily have priority for it (100 homes per year);  
 Work with partners to provide intensive, tailored support to social housing residents experiencing long-term unemployment to help them move towards work.
- 4.5 CWH is cliented by the Growth, Planning and Housing Department. Its delivery plan (2018) shapes the vision for the housing service: *give residents the opportunity to live in an affordable, safe, quality home that meets their needs.*

- 4.6 The plan sets out a collaborative approach to achieving this vision by listening to residents, businesses and stakeholders, to shape and enable seamless solutions, making the most of Westminster's exceptional assets, whilst working carefully to the highest professional standards.
- 4.7 The specific objectives of the plan are to deliver a range of housing outcomes that tackle homelessness, increase the supply and type of accommodation available, and to improve the quality of homes:
- Work together to exceed the 1,850 *City for All* affordable housing target;
  - Expand the EaSI Help scheme to develop an integrated approach to solving the housing and employment needs of residents;
  - Continue the successful collaborative approach to tackling rough sleeping;
  - Optimise development opportunities through estate planning, out-of-borough collaboration and innovative thinking;
  - Reduce/eradicate disrepair claims on properties. Tackle damp and mould;
  - Provide a comprehensive range of rental products that accommodate a broader range of residents.

### ***Operating context***

- 4.8 Westminster and CWH operate within an increasingly challenging environment, driven by recent and planned legislation, the roll-out of universal credit and the fundamental rethink of housing provision nationally and London-wide following the Grenfell fire.
- 4.9 Affordability challenges are increasing the level of homelessness. There is potential for an increasing number of private tenants to lose their homes due to rent shortfalls, and presenting as homeless. This places significant demands on local authorities, as the duties of the Homelessness Reduction Act 2017 require councils to help all at risk of homelessness, not just those falling within a priority need group.
- 4.10 The Grenfell fire has necessitated a nationwide response to fire safety, building design and management. The Hackitt report – *Building a Safer Future* - is a call to action for the whole housing industry to implement a universal shift in culture, with:
- Clear roles and responsibilities across the whole life-cycle of a building;
  - A golden thread of compliance, with raised levels of competence in the inspection and maintenance of high-rise residential buildings and complexes, backed by stronger and more effective enforcement activity;
  - The residents' voice centre stage, to ensure a clear, quick and effective route for residents' concerns to be addressed, and they have assurance that effective systems are in place to maintain safety in their homes.

### ***Resource priorities***

- 4.11 The resource position of the HRA became more challenging with the introduction of a four-year rent reduction policy in 2016/17, which required rents for sitting tenants to be lowered by 1% a year in cash terms until March 2020. It is important that Westminster exercises strict control over the costs of operating and investing in its housing stock,

whilst making optimal use of the considerable revenue and capital resources at its disposal.

### ***The Council's housing delivery structure***

4.12 WCC delivers its statutory housing obligations and management services through a set of well-established commissioned arrangements, with its own subsidiary companies and in partnership with market providers.

- (a) **CityWest Homes**, an Arms-length Management Organisation (ALMO) wholly-owned by Westminster has provided core housing management services to the Westminster's 11,000 tenants and 9,000 leaseholders under the terms of a Management Agreement since 2002; the current 10-year management contract was signed in 2012. In addition to delivering a portfolio of management services, CWH operates a residential lettings and sales agency (CityWest Residential), operates the Pimlico District Heating Undertaking (PDHU) and clients Westminster's nine Tenant Management Organisations (TMO).
- (b) **CityWest Residential** was set-up in 2009 and provides lettings (managing over 1,000 properties) and sales services to Westminster residents and more widely across London. CityWest Residential has a £2.1m budget that is funded through a combination of income generated from residential sales and lettings, plus fees chargeable to the Council. Approximately £1.4m of the expenditure incurred by CityWest Residential is financed from outside the Council and its related businesses. A proportion of the profits are reinvested in the local community, funding football pitches, employment teams and youth clubs. However, it has recently been fined £15,000 for three breaches under the Consumer Rights Act, including not advertising the fees charged to tenants.
- (c) **Tenant Management Organisations (TMOs)** – the nine TMOs cliented by CWH on behalf of Westminster, range in size from an estate of 560 homes, to those managing individual blocks of homes. CWH provides a limited range of operational services to a number of these organisations, primarily rent collection and arrears management services.

4.13 Westminster has three other delivery partnership arrangements in place: with Westminster Community Homes, a wholly-owned registered provider; with a recently formed wholly-owned development company; and an outsourced partnership arrangement with the Residential Management Group (RMG) and Shelter and The Passage, which delivers the homelessness and housing options services.

- (a) **Westminster Community Homes (WCH)** was created by Westminster in 2008 as a Co-operative and Community Benefit Society (CCBS), with two-thirds of voting shares owned by the Council and one-third held independently. It became a Registered Provider in 2009. WCH works with Westminster to increase the provision of affordable housing and other related activities which assist in the delivery of the City Council's strategic housing objectives:
  - Negotiate the acquisition of lessee interests in the regeneration areas;
  - Provide additional Intermediate rented units;

- Provide out of borough units for temporary accommodation and discharge of duty.

In December 2017, Westminster allocated additional funding of £250k from the Affordable Housing Fund to make future spot purchases of homes in Westminster and allocated of a further £2.6m to enable WCH to convert homes in Ladbroke Grove from shared ownership to intermediate rent.

In response to legislative changes impacting Council voting shares, Westminster opted to make WCH a wholly-owned subsidiary, consolidating it into group financial statements, whilst maintaining its not-for-profit Registered Provider and Charity status.

WCH currently manages over 400 social and intermediate homes, but outsources most service delivery activities to CWH. Of the five staff members at WCH, two work solely on leasehold negotiations.

- (b) A **Wholly-Owned Housing Company (WOC)** is being established by Westminster to deliver intermediate and market housing in the first instance, enabling Westminster to develop at the scale and pace to meet its strategic objective of providing at least 1,850 affordable homes by 2023, giving the flexibility to either sell, transfer or let residential properties, and reduce exposure to VAT. The WOC has two subsidiaries. Westminster Housing Investments Limited (WHIL) and Westminster Housing Developments Limited (WHDL). WHIL holds 100% of the shares of WHDL., which will provide homes for private sale and rent.

The key role of the WOC is to expedite housing renewal and infill programmes that will require extensive community engagement and management of resident expectations. The WOC will allocate the intermediate housing it holds in line with local priorities set by Westminster's intermediate housing policy. Homes will be managed via Homeownership Westminster, delivered through CityWest Homes.

- (c) **Homeownership Westminster** is a Westminster service delivered by CWH, which enables people eligible for intermediate housing to be prioritised for home ownership and intermediate rental opportunities in Westminster. The service was established in 2009 and has so far helped over 1,000 applicants to find a home either to buy or rent within Westminster or outside the city.
- (d) **Homelessness and Housing Options Services** – Westminster first outsourced the provision of homelessness prevention and housing advice services in 2002. The contract was recently relet to a multi-agency partnership led by Residential Management Group (RMG), a subsidiary of Places for People, working with Shelter and The Passage. The redesigned service is designed to be community-focused and better tailored to dealing with residents' problems in full the first time they access the service, and before more complex issues develop. The service has four management strands:
- Frontline housing advice, homelessness prevention and support services;
  - Single person, homeless service;

- Housing assessment, allocations and nominations;
- Procurement and management of homeless accommodation.

This new multi-partnership approach has increased the advice and guidance capacity of the service, as well as additional temporary accommodation capacity (the service currently supports 2,500 families). The focus on early intervention, mediation and working with landlords, employers and reconnection services is expected to reduce service delivery costs by 10% (£3million a year) as fewer residents access the statutory homelessness services.

The partnership is cliented jointly by the Homelessness Service, and the Allocations and Temporary Accommodation Service within Westminster.

### **Summary**

- 4.14 The core strands of Westminster's housing strategy are rapidly to increase the supply of affordable housing, to ensure the existing stock is decent and used to best advantage, to enable residents to live fulfilled lives, and to deliver rolling neighbourhood renewal based on stakeholder priorities. The challenging operating environment and scale of the response needed in light of the Grenfell fire highlight the importance of strong housing management leadership and expertise, and a clear operational focus in delivering core housing services.
- 4.15 Westminster delivers housing services and manages growth through a network of interconnected organisations and management arrangements. The establishment of the WOC, the changed status of WCH, and the new multi-agency partnership approach for delivering homelessness services make this an appropriate point to review overarching governance and clienting structures to maximise integration and outcomes, at the same time as considering which configuration of delivery vehicles will best deliver the Council's strategic outcomes while making best use of resources.

## 5. ANALYSIS OF CURRENT MANAGEMENT MODEL

### *Local Authority Arm's Length Management Organisations*

5.1 CWH was amongst the first tranche of ALMOs, launched in 2002, as a way of achieving social housing investment (Decent Homes funding) without transferring ownership of stock, whilst ensuring higher quality management, more effective investment and greater involvement of tenants. The rationale for establishing an ALMO was:

- The split of strategic and operational roles enables the local authority to focus on strategic direction and the ALMO on operational delivery;
- An independent ALMO Board can enable faster decision-making and a more responsive service;
- Residents can participate directly in the governance of an ALMO at the highest level and help set priorities based on direct experience of local need;
- ALMOs have the potential to be flexible local vehicles that local authorities can use to deliver wider social benefits to their communities;
- ALMOs as separate trading companies can provide income-generating services that can reduce the Council's revenue support;
- An ALMO Board can provide a focal point or community leadership.

5.2 Whilst over 30 ALMOs have been dissolved as their original purpose was fulfilled, as a management model the vehicle still holds appeal for many: currently 33 ALMOs manage over 450,000 homes on behalf of 36 authorities. 25 ALMOs have had their Management Agreements extended beyond 2020, with a number having long-term agreements up to 30 years; the remit of others has been broadened; and new ones created. Shropshire Towns & Rural Housing (2013) and Northampton Partnership Homes (2015) were both launched with long Management Agreements.

5.3 The broader remit fulfilled by many ALMOs is evidenced by over half of ALMOs managing homes for other social housing landlords and delivering services to wider markets. ALMOs also manage over 1,700 private rented sector properties on behalf of landlords. Many fulfil a broader social mission by running programmes for troubled families and training unemployed people to help them find work (85% of ALMOs have mechanisms in place to help tackle unemployment). More broadly, others offer IT, human resources, legal services, adult social care, environmental services, and the facilities management of schools and corporate properties.

### *CWH Remit*

5.4 Westminster established CWH under section 27 of the Housing Act 1985, delegating the management of its housing stock of 11,000 rental homes and 9,000 leasehold dwellings. The precise scope of the relationship is defined through a Management Agreement, last renegotiated in 2013 and extended to a 10-year term to March 2022, with a five-year break clause in 2017.

5.5 The scope of services delegated to CWH and those retained by Westminster, is set out at Appendix 3. The services delegated to CWH include:

- Managing and maintaining the housing stock;

- Managing the annual capital programme;
  - Collecting rent and managing arrears;
  - Delivering tenancy and estate management services;
  - Providing tenancy support service to sustain tenancies;
  - Working in partnership with the Council, police and other agencies in providing safer neighbourhoods, reducing crime and dealing with anti-social behaviour;
  - Administering the Right to Buy function on behalf of Westminster.
- 5.6 Westminster retains responsibility for the strategic management of the HRA and business plan, and for the completion of annual returns. Westminster also retains responsibility for defining allocations strategy and policy, rent setting, tackling anti-social behaviour (ASB), and leasehold service charges. Responsibility is shared for making best use of the stock, prevention of homelessness and managing resident involvement. Regardless of who delivers the service, as the landlord, Westminster is ultimately responsible for compliance with all statutory requirements.
- 5.7 The Management Agreement permits CWH to undertake new build and infill development under the Council's direction and to link capital works schemes with regeneration proposals. The agreement also allows for further services to be delegated to CWH, based on regulatory changes, the Council's requirements, CWH's capacity and capability, and the need to preserve focus on CWH's core activities.
- 5.8 In 2014, Westminster commissioned a strategic review of housing options. Stakeholders were consulted on the continuation of the Management Agreement through the consultation on Westminster's Housing Strategy in 2015. Whilst there were mixed views amongst stakeholders about CWH, Westminster did not seek to invoke the break clause in 2017.
- 5.9 A refreshed Management Agreement has been in preparation for over a year and is currently in negotiation. The key change to the Agreement has been an updated set of priorities for CWH:
- Supporting City for All;
  - Getting the basics right – embedding new operating models;
  - Fire safety;
  - Communications;
  - Culture and our people;
  - Digitalising services;
  - Asset strategy;
  - Value for Money.
- 5.10 The new Agreement also seeks to reflect arrangements, objectives and performance targets that have changed or come into being over the life of the existing contract.
- Recognising that CWH has been carrying out some functions for the Council outside the current Agreement, including managing regeneration development projects, HRA acquisitions and stock disposals, management of temporary accommodation,

and acquisition and management of an intermediate housing portfolio. CWH will be paid £5.7m for additional services in 2018-19;

- Setting CWH a target to achieve annualised savings against the management fee of £850k in 2018-19, £500k in 2019-20 and £500k in 2020-21, meeting a transformational savings target of £5.2m by March 2021;
- Incentivising CWH by allowing it to retain and allocate 50% of any surpluses achieved towards projects and initiatives agreed annually with Westminster;
- Remunerating CWH for its work on HRA regeneration development projects as part of its services fee (£375k in 2018-19);
- Formalising the arrangement for CWH to provide professional services in respect of new build development work;
- Regeneration scheme support (Ebury and Church Street).

5.11 The new Agreement also includes a change control process that allows Westminster and CWH to vary its terms to reflect operational needs. It further recognises that the non-core services that CWH delivers are correctly recognised and remunerated through the change control process. In addition, a new strategic and performance framework links to a maximum incentive payment of £100K.

5.12 The joint working approach adopted in developing the Agreement provides a sound basis for resetting and managing the relationship between CWH and its stakeholders:

- Providing greater clarity of purpose and objectives;
- Ensuring greater transparency of delivery;
- Better supporting joint, longer-term planning;
- Providing more flexibility to respond to changes in the operating environment;
- Better enabling controlled, risk-assessed change.

### ***Effective use of resources***

5.13 Westminster's Housing Investment Strategy and HRA Business Plan indicate that there are sufficient resources to manage and maintain the existing housing stock, while providing substantial levels of investment and regeneration. These plans utilise the full range of revenue and capital resources available to the authority.

5.14 As part of its funding strategy, the authority has agreed a programme of cost savings to be delivered by CWH from its management fee of £5.2m over five years (as set out at 5.10 above). Information made available to us shows that the CWH Board is monitoring the delivery of these savings, and that good progress has been made by CWH towards achieving the target, with cumulative savings of £1.65m delivered by the end of 2017/18. CWH is due to deliver further savings to the management fee of £2.1m during 2018/19, and is on track to deliver the full £5.2m of savings required by the end of 2020/21.

5.15 Alongside the savings that have been made against the management fee, Westminster has asked CWH to undertake work that sits outside the management fee. The new Management Agreement adds a cost control mechanism to ensure that this additional work is controlled in the same way as the management fee.

- 5.16 There are indications that the allocation of resources within CWH has been affected by the need to support and help services to recover following implementation of the new target operating model. We expect this to be a temporary requirement, and anticipate that CWH will be able to review and streamline resource allocation in due course.
- 5.17 In analysing the data made available to us, we found some inconsistencies in the information held relating to the HRA Business Plan and the Management Agreement. For the most part, these related to timing differences between documents: for example, between the preparation of the Management Agreement text, schedule 4 of the original Agreement (which lists the components of the charge made by CWH), and an updated schedule 4 summary that was in place during our review. It is clear that the Council has introduced a change control mechanism to ensure that costs payable to CWH are transparent, and it is important that both the authority and CWH continue to maintain this mechanism.

### ***CWH track record***

- 5.18 Whilst this review has not been tasked with looking at operational performance, we have formed a view through documentation review and stakeholder interviews, in addition to the conclusions of the Campbell Tickell March 2018 operational analysis and service delivery report, as to the strengths and weaknesses of the current service delivery model.
- 5.19 The Cabinet Member report on the new Management Agreement reflects the general view of stakeholders we interviewed, that:
- “ALMO management has overall been a positive experience for the Council. CWH has delivered strong performance, a significant improvement to the quality of the housing stock, improved customer satisfaction and has demonstrated its ability to deliver savings and improve value for money.”
- 5.20 CWH has over the years delivered to its core remit and contributed to the delivery outcomes of City for All. For instance, CWH has:
- Developed 15 estate plans;
  - Provided mentoring and employment support services that have helped 91 residents find work;
  - Created 400 jobs in Westminster through delivery partnerships;
  - Supported 600 young people each week with sport and homework clubs.
- 5.21 CWH’s response to the Grenfell fire is also viewed by stakeholders to have been strong, providing initial reassurance to residents and then putting in place a plan of action to remove cladding, and to revalidate fire risk assessments and focus health and safety compliance.

### ***Resident perspective***

- 5.22 A key aspect of our fieldwork has been to understand the perspectives of residents. The analysis below represents feedback primarily from Residents Council and Area Panel members.

- 5.23 Perception of customer services over time is that frontline staff have been friendly and helpful, but follow-up and resolution has been less focused, with chasing-up frequently needed. Frustration was expressed that in following up an issue there seemed to be scant records of previous conversations or agreement of actions.
- 5.24 Perception of customer services since the introduction of the call centre in 2017, is that whilst call pick-up in the new call centre has improved since last year, there are still issues with routing within the Automated Call Distributor and that staff pass calls around based on pre-set rules, rather than listening to, understanding and acting on what the enquiry concerns. Residents are not convinced that the actioning of enquiries has improved (particularly when reporting ASB and estate management issues). The call centre is seen by some as simply “order-taking” and as a way of distancing the resident from the function or person to whom they are attempting to talk. There is universal concern regarding the lack of response via the central email account, in particular getting an instant acknowledgement and then waiting weeks (examples of a three-week wait were cited by two residents) for a substantive reply. Twitter is seen as an effective channel for get things done, as it is a public forum.
- 5.25 There is a sense that CWH struggles with not having detailed plans and specifications of its stock, particularly relating to pipe-runs, which are the root cause of many of the leaks experienced. The set-up of the leaks team was welcomed as a positive step forward.
- 5.26 There was a consensus that Morgan Sindall had been put in a difficult place as regards the backlog of repairs, and that redress should be sought against Wates, the previous main repairs contractor. The Residents Council group wanted to make sure that “lessons are learned” and that contractors are held accountable in future. Getting to the root causes of problems is a priority, as a lot of money is spent on patching and mending, only for problems to reappear. Mixed views were expressed regarding the quality of the repairs service, with some residents reporting a very good response and quality of service delivered, whilst others reported missed appointments and operatives turning up unannounced.
- 5.27 Residents perceive an accelerated turnover of key frontline staff, with replacements not made known or being as accessible as in the past. The closure of local offices has made the service feel detached and local knowledge has been lost. A mixed level of satisfaction with customer care provided at local hubs was expressed and residents were generally frustrated that when they do access the hubs, they are often told to “phone the number”.
- 5.28 Residents recognise that managing mixed tenure estates (with high levels of transiency compounded by Airbnb lets) is a challenge. They are concerned that the changes made last year have broken the connection between the service and residents, and that focus and ownership at the local level have been lost. CWH’s presence needs to be restored, ASB issues tackled quickly, and caretakers and cleaners made contactable during office hours.
- 5.29 Leaseholders would like a redesign of the major works process to provide greater transparency and simplification, and making sure there is best value for everyone:

- The leasehold service can seem aloof; communications are standardised and formal;
- More robust planning and communication of future works is needed;
- Works are commissioned whether needed or not, simply based on a cyclical schedule;
- Getting the best price – there is a sense that contractors “see CityWest coming”; whereas costs should be benchmarked against industry norms;
- Breakdown cost allocations so that tenants and leaseholders can see that costs are apportioned fairly, both work undertaken and overheads;
- Delivering to the agreed specification, with proper inspections, and not paying contractors for incomplete or sub-standard work (the greatest frustration is with work that needs doing again in five years);
- Timely follow-up of enquiries and resolution of disputes – there are some very long running disputes (10 years plus) that should be ‘put to bed’;
- Offer repairs service to leaseholders through Morgan Sindall;
- Develop a sinking fund to enable residents to spread bill payments.

5.30 The Residents’ Council is felt to be a positive environment and well-run forum. Members would genuinely like to have more influence with CWH at the formative stage of service design, and are starting to understand the level of self-empowerment and influence/scrutiny they can apply. It is important that CWH engages fully with the group, so it can realise its full potential; otherwise it may be seen as a ‘tick-box exercise’ and will lose the impetus and support of members.

5.31 The Area Panels have a rolling programme of project initiatives agreed with CWH. The West Panel is currently reviewing and supporting the design of the new tenant portal; the South Panel has been trialling a rough sleepers app, and is now reviewing the complaints process; and the North Panel is identifying local improvement projects. As reported to the Residents Council, these are positive pieces of engagement that enable resident to help shape and improve the service.

5.32 In summary, the priorities of residents moving forward are:

- Transparency and fairness;
- Improve communication with residents and between CWH teams;
- Accountability – particularly of contractors;
- Re-establish presence and a sense of ownership at the local level;
- Get best value for everyone.

### ***Target operating model***

5.33 The introduction of the Target Operating Model represented a significant and much needed modernisation of Westminster’s housing service, recognising that digital service access and delivery are now central to every aspect of life, that the level of service demand generated by a ‘one size fits all’ housing service is not sustainable, and that it

does focus resources where they are really needed. The key elements of the model delivered to date have been:

- A single point of access to services (450 email and phone numbers removed);
- Digital portal to offer the majority of service one-line;
- Deployment of a centralised contact centre;
- Four area service centres and 10 weekly services;
- Housing management services brought back in-house from Pinnacle;
- New 10-year term contracts for repairs and maintenance;
- Specialist teams covering income management, ASB and leaseholder services;
- Residents Council and Area Panels.

5.34 The benefits case to be realised are that:

- Easy-to-access online services put residents in control, and levels of self-service (at reduced cost) and levels of satisfaction increase in step;
- A single-access channel allows demand to be monitored and the speed and quality of the service response to be managed more effectively and efficiently;
- Housing teams can focus on delivering 1,500 home visits per year, targeting those who need support or where intervention is required;
- Target savings of £5.2m are to be realised, primarily through contract rescheduling.

5.35 The introduction of the Target Operating Model has however proven a traumatic experience for all stakeholders. Satisfaction figures dipped significantly, and the level of complaints increased substantively. The focus of the service is now quite rightly on stabilisation and a need to get back to basics. From our own fieldwork and the observations of stakeholders, this must prioritise:

- Re-establishing trust with residents, transaction by transaction;
- Establishing a service offer to tenants that is clear in terms of service specification, mutual responsibilities and expectations, service access and delivery standards;
- Re-engaging and establishing a clear service offer for leaseholders, whose satisfaction with service has dropped dramatically over the last two years;
- Re-establishing the frontline expertise and local knowledge which sat behind each of the 450 deleted telephone numbers and email addresses within the contact centre, to improve the customer experience and enable queries to be dealt with at first point of contact;
- Tackling the level of demand that has emerged through centralisation and better measurement – 20+ contacts per customer per year, and 6,000 repairs per month (double the previously modelled volume);
- Tackling obvious areas of weak service delivery, such as void turnaround and the level of non-decent homes due to no access.

### ***Management and oversight of the service***

5.36 From the analysis we completed in the earlier review of the operational change as well as through this review, there are three specific areas of weakness in oversight and

management that the service (both the Council and CWH) needs to address in order to move forward: leadership of change; governance; and clienting.

### **Leadership of change**

- 5.37 With hindsight, it is easy to unpick the root cause of problems that have arisen with a complex, *whole system* change. However, a number of factors should have been apparent to CWH management at the time, and should have been addressed. Lessons must be learned, as a substantial level of change lies ahead.

**Stakeholder engagement:** It is clear that, whilst the new model was agreed by stakeholders at the outset, the specific details of the change, and how services were to be accessed and delivered, were not clearly communicated to stakeholders, who did not then have the opportunity to buy into the specifics of the change, leading to a significant mismatch of expectations.

**Preparedness:** The organisational design was not fully formed; the roles and responsibilities of key staff members not clear; and the mobile working and information systems needed to deliver the service not proved. The roll-off of the existing contractor was not managed effectively, creating a significant backlog of repairs, and the new contractor had no time to mobilise effectively. There were technical issues with telephony and systems interfaces, which should have been resolved before scaling-up the solution. Failure to resolve and manage these issues put staff in an invidious position in seeking to deliver the new service offer.

**Organisational culture:** From our limited direct insight into the culture of CWH, we have formed the impression from stakeholders that, in implementing the new operating model, a new more commercially oriented culture, driven by the need to turn around transactions, was being instilled. This however cut across the working experience and local knowledge of many managers and staff, whose concerns may have been overlooked, as supposedly being too 'public sector entrenched'.

Stakeholders need to arrive at a consensus that balances a resident-focused service ethos against the level of commercial acumen needed to sustain the business, drive efficiencies and release resources to provide additional homes.

**Response to changing circumstances:** Events clearly overtook the delivery of the new operating model, some completely outside the control of CWH (such as the Grenfell fire), others due to poor planning and overruns (mobilisation of the new repairs contract), and others due to the customer response (escalation of demand). What is also clear, however, is that those overseeing the change in CWH did not react and respond to the changing circumstances, and stuck to the original plan and timetable, leading to an escalation in the difficulties experienced.

### **Governance**

- 5.38 The National Housing Federation Code of Governance (2015) sets out the criteria that every Board should constantly evaluate itself against, to ensure that it:

- Has the right structure, mix of skills, experience, knowledge and diversity, within in the context of the challenges facing the organisation;
- Provides clarity of leadership and guides the purpose, direction and values of the organisation;
- Works effectively as a unit, and the tone set by the Chair and the CEO;
- Fosters key relationships with the CEO and executive team of the organisation, and with key stakeholders;
- Board committees are effective and correctly connected with the main Board;
- Receives the right quality of information on the organisation and its performance, and that papers and presentations are of high quality;
- Has effective processes to ensure high quality debate for major decisions or contentious issues;
- Has processes for identifying and reviewing risks how the Board communicates with, and listens and responds to, shareholders and other stakeholders.

5.39 While this code is designed in the first instance for housing associations, the principles set out above reflect the precepts of good governance in any sector. We have therefore used these criteria to make an assessment of the effectiveness of the CWH Board. However, the timing of the fieldwork for this report has meant that we have not been able to observe a Board meeting. We have nonetheless interviewed the Chair and a number of people who attend meetings on a regular basis, and moreover have reviewed Board papers and reports going back over a three-year period.

5.40 The way in which problems escalated at CWH over the last year and the levels of stakeholder dissatisfaction point towards a Board that has not recognised or has been mis-sighted in respect of the risks associated with strategic changes. Our outline assessment for this is as follows.

5.41 The Board structure with 13 members is larger than would typically be seen as the most agile or effective governance structure:

- Four Councillors (three from the majority group and one from the minority group);
- Four Residents (currently all four are leaseholders);
- Four Independent members;
- Chief Executive.

5.42 The current Board constituency make-up therefore means that the tenant voice is not heard at the level needed. The Chair of the Residents Council does attend each Board meeting and has a dedicated slot in which to raise issues, but this is not the same as full participation. Whilst we understand that tenants were fully encouraged to apply for Board member positions, none successfully completed the recruitment process. This sadly represents a failure in the wider tenant capacity-building efforts of CWH: it would seem extremely unlikely that suitable candidates could not be identified from within a highly diverse tenancy base of 11,000 properties.

5.43 Whilst Board members bring a wide and appropriate level of skills to the boardroom, the effectiveness of a Board as a unit can only be achieved when members represent the best interests of the Company, not the specific interests of their constituency.

- 5.44 The meeting packs and reports provided to the Board are dense, and often lack clear management summaries that should provide assurance that the expert advice provided is well thought through, and the salient points on which the Board (or Committee) has to consider and make decisions are clear. This lack of focus and clarity must compromise the effectiveness of the Board; it also points to a lack of understanding within CWH of the role of the Board and how to service it effectively.
- 5.45 Without having directly observed a Board meeting, it is only possible to gain a limited sense of the quality of debate and level of challenge provided by the Board from the meeting minutes. There is however a lack of self-awareness and critical self-analysis within the reports presented to the Board. For example, a report on communications states that “the office closure and transformation campaign has now been successfully completed”: this seems not to acknowledge the level of resident unhappiness, the sharp fall in resident satisfaction and the rise in complaints, and does not reflect that lessons need to be learned. Does this indicate that the Board is simply a vehicle for reporting rather than for challenge, reflection and reassessment?
- 5.46 A corporate risk register is the sonar system that keeps an organisation on course, moving clear of danger and ‘away from the rocks’. The register presented to the Board lacks the level of critical assessment that one would expect in an organisation of the size of CWH, and was clearly a contributory factor to the Board being mis-sighted during the transformation period.
- 5.47 A high percentage of risks are marked as ‘significant’, which makes it difficult for a Board (or Executive Team) member to recognise and focus on the real dangers. The supporting analysis is also weak. For example, a risk concerning the implementation of a new IT system, interface and data integrity has the highest risk score (20), but has an impact described as “may have a potential impact on the delivery of improved services to residents”; it has management controls at ‘departmental’ level; and has a set of mitigation actions that do not mitigate the likelihood of the risk occurring. Given that implementing a computer system is largely under the control of the organisation and not an existential threat, this is inadequate. For a risk to be flagged as ‘significant’, a Board member should expect a far sharper level of insight and analysis, and have confidence in a cross-business mitigation response.
- 5.48 This suggests that CWH is going through the motions of maintaining a risk register without fully understanding its role in protecting the organisation, and that the Board does not have a tool – or sufficient insight - to enable it to arrive at an informed view and make appropriate interventions on whether a risk identified poses a threat to: the quality the services delivered; customer contentment with services; the trust of stakeholders; and the reputation of the business.

### **Clienting**

- 5.49 For a critical service to deliver expected outcomes when managed at arms-length, a high degree of trust and partnership working is needed. An effective clienting model must enable both parties to maximise their potential, whilst combining their respective strengths to realise wider benefits for customers that neither would if working alone.

Following a review undertaken by Campbell Tickell in 2016, an Intelligent Clienting Framework was adopted, based on the principles of:

**Shared vision:** clarity of purpose and stakeholder goals;

**Strategic alignment:** combined strategic thinking developing and reshaping services that respond to local priorities and operating environment;

**Integrated planning:** integrated business and financial plans making best use of skills and resources and delivering broader benefits;

**Effective oversight:** Integrated, cost-effective governance and scrutiny mechanisms adding value whilst managing risk;

**Realising outcomes:** promoting a supportive, problem solving approach, ways of working focused on delivering joint outcomes;

**Adding value:** enabling CWH to develop and deliver a broader value-add offer to supports delivery of *City for All* objectives.

5.50 On the basis of the minutes of clienting meetings reviewed and stakeholder interviews conducted, our conclusion is that whilst the structure of an intelligent clienting framework has been put in place, its substance and outcomes have yet to emerge. From the desktop review undertaken, it is difficult to piece together a coherent thread of information-sharing, joint planning, supportive challenge and effective partnership-building. It is equally unclear how effectively information is fed down to operational managers, and the extent to which CWH staff feel part of the 'Westminster family' and recognise their broader accountability to residents.

- There has been a clear lack of transparency in the relationship. At clienting meetings in November 2017 and January 2018, issues of increased call volumes and handling times were flagged; however, the average call wait time in November was eight minutes, and in December, first-time resolution in the contact centre was below 30%. The Council was therefore not provided with the full picture of the problems being faced or being given an opportunity to comment on action plans or provide support and guidance.
- There has been a lack of supporting analysis and insight into the impact of what is being reported and the risks this may pose - for instance, reporting that core KPIs may be unavailable for a quarter due to the change of contractor, without any assessment of risk, business impact, or suggesting potential workarounds.
- Follow-up actions have been limited and do not evidence the level of challenge that would be expected given the extent and importance of services provided, potential risks (fire safety strategy), or the impact of problems under discussion. For example, there is little documented challenge regarding the contact centre roll-out or repairs backlog, and their impacts on customers or budgets.
- As with the Board papers, presentation of information, analysis and flagging key decision points is not always clear and supportive of making key decisions.

5.51 Stakeholder interviews highlighted the degree to which trust has been stretched between the Council and CWH over the past year, and the extent to which the strategic and value-add focus of partnership working has been necessarily supplanted by a more command-and-control approach to managing the relationship.

- A new way has to be found that can rebuild trust in the service across all stakeholder groups.
- The relationship between Westminster and CWH is now too reactive and tactical, and the current level of operational focus is not sustainable or healthy; moving forward, it has to become more proactive and strategic.
- Westminster has limited resources and specialist expertise in place to client the ALMO and therefore needs to be able to trust and receive greater assurance from CWH.
- More intelligence needs to be built into the relationship - there is too much low-level data and limited value-add analysis.
- Peer-to-peer clienting needs to be more effective, reflecting strategic, tactical and operational linkages.
- Broader clienting across WCC is still 'componentised' and there is scope to build a broader framework with other service providers, such as RMG.

### **Summary**

- 5.52 CWH's remit is being refreshed and made more relevant to the role it now plays, and to reflect more closely the strategic goals and delivery priorities of Westminster. The new Management Agreement is a sound basis for managing the current relationship moving forward, subject to change control, as it has the flexibility to enable CWH's role to be changed to meet future needs, and to reward them for fulfilling the role.
- 5.53 The HRA is in a strong position, with sufficient resources to manage and maintain the existing housing stock and provide substantial levels of investment and regeneration.
- 5.54 It is generally accepted by the stakeholders we interviewed that CWH has been a good managing agent over its lifetime and has made a strong contribution to the Council's broader goals. However, the introduction of the new Target Operating Model made 2017 the most difficult year in the life of CWH and has tarnished its reputation for reliability with stakeholders. It appears now to be recognised within CWH at senior level that trust has to be won back one step at a time. That said, concerns remain that the culture among CWH staff is not appropriately focused and needs work to orient better to the organisation's role as Westminster's agent and one whose primary responsibility is to the City's residents.
- 5.55 The service delivery experience over the last year of residents interviewed can be characterised as being one of frustration at the poor level of customer care and patchy response, and concern that the on-the-ground focus and local ownership of the service have been compromised. Residents have identified a clear set of priorities for the service moving forward based on transparency, fairness, communication, and reconnection.
- 5.56 The transformation management and consequent operational problems experienced have their roots in weaknesses in the oversight and management of the service, which if working effectively, would have limited the impact of the problems and made the damage limitation more robust.
- Whilst a necessary modernisation, the introduction of the Target Operating Model cut across the grain of the service. The leaders of the change were not sensitive

enough to its potential impact or flexible enough to change direction when it was clearly necessary to do so. The leadership team has now been rebalanced with more emphasis on housing service delivery experience.

- The Board was seemingly ill-equipped and unsighted in assessing the risk associated with the change and in providing the necessary level of challenge and intervention once things started to go wrong. If CWH is to continue in business, a full review of the structure and governance processes is recommended to ensure the Board can re-establish its proper role.
- It is unfortunate that *Intelligent Clienting* model was in an early stage of development when a more direct form of clienting was needed to address the problems of the new operating model roll-out. In conjunction with the updated Management Agreement, our clear view remains that it still represents the best way to establish full partnership working between the two organisations, if CWH is retained.

## 6. OPTIONS FOR FUTURE DELIVERY OF HOUSING SERVICES

### *Principal objectives and risks*

- 6.1 This review considers the strengths and weaknesses of four different housing management models:
- (a) **Retained and refocused CWH** – with changes introduced to tackle issues, so as to enable more effective working both by CWH itself, and between CWH and the Council;
  - (b) **Direct management** – the housing service taken back in-house and delivered directly by the Council;
  - (c) **Adopt an Alternative Delivery Model** – establish a Local Authority Trading Company (LATC) to manage the wider housing service and related operations for Westminster;
  - (d) **Outsource the service** – the service is delivered in partnership with one or more third parties.
- 6.2 There are various risks faced by the housing service, some of which are specific to Westminster and others of which affect all housing providers. The rate and extent of legislative changes and continued austerity measures, their impact on residents and on the way housing services are delivered, provide a challenging and uncertain backdrop against which to be considering potentially fundamental structural changes. The impact of the Grenfell fire is also reshaping national housing priorities and policy. The Government's Social Housing Green Paper will contribute in due course to a reshaping of social landlords' relationships with their residents, as well as new approaches to regulation and compliance especially with consumer standards and health and safety best practice. The options for delivery must therefore be reviewed against these to establish whether they mitigate or increase the impact of these risks:
- HRA self-funding and the development of a 30-year business plan;
  - Many tenants struggling to meet rents in the present economic climate and the impact of benefits caps and other aspects of welfare reform;
  - Impact on the HRA of the 1% annual rent reduction for four years, and the threat to rent collection caused by direct payment of benefits to tenants;
  - Pressure on the General Fund and public-sector finances more broadly;
  - Structuring payment contributions for major works with leaseholders;
  - Responding to the emerging policy framework.

### *The primary delivery options*

- 6.3 The three options are discussed below, with indicative savings and costs outlined, to the extent that these can be reasonably quantified at this time.

### **Option 1: Retain and refocus CWH**

- 6.4 This option involves continuing with the current delivery model and retaining CWH. The case for adopting this approach is built upon CWH's consistent operational performance over time (analysis of which was not within the scope of this review). Despite the dip in operational performance and tenant satisfaction over the past 12 months, it is reported that CWH has previously been generally well regarded by stakeholders and residents have been broadly satisfied with the services they have received. CWH moreover delivers a wide range of community value-add services.

#### **Resetting Relationships**

- 6.5 The need to re-establish trust has been a central theme of this review. To move forward, stakeholder relationships have to be recast on an open and informed basis:
- With Members, who ultimately set the goals for the service, and also hear first-hand the experiences of residents who access the service day-in-day-out;
  - With the senior officers of Westminster, who are responsible for the wider alignment and delivery of services to maximise value across the HRA and GF;
  - With residents (tenants and leaseholders), who are entitled to expect a good quality of service in return for their rent and service charges.
- 6.6 There also need to be an honesty and openness reflected in the management and organisational culture of CWH:
- Engaging with all stakeholders in setting objectives and making plans;
  - Early warning and full disclosure when things go wrong;
  - Taking responsibility and leading on putting things right.

#### **Refocussing CWH**

- 6.7 Through the course of this review, it has become apparent that this option cannot be seen as a steady-state 'do-nothing' option. There is a groundswell of sentiment amongst stakeholders that reflection as to the purpose, goals and organisational culture of CWH is needed, and that a refocusing of its role is needed, around the following objectives:

**Strategic alignment** - restate the strategic objectives of CWH within the framework of Westminster's overarching objectives and targets;

**Governance** - provide strong leadership and challenge for CWH within a model that dovetails effectively within a broader Westminster governance framework;

**Clienting** - embed an intelligent clienting framework to maximise the value of each organisation to the other;

**Best use of resources** - make best use of the HRA and GF, and release funds to maximise efficiency and moving to a lower cost-base of service provision;

**Operational alignment** - ensure that CWH operates in support of the wider delivery objectives of Westminster's housing and aligned services, at optimised cost;

**Organisational design and culture** - ensure the right leadership team and organisational culture is in place to deliver the above.

### **Strategic alignment**

- 6.8 Whilst CWH has achieved considerable success in delivering and improving management services to the satisfaction of residents over time, the events of the past year underline the need to reassess the role of CWH in helping address Westminster's priorities within a rapidly changing operational environment and to meet future housing needs.
- 6.9 The starting point must be a reassertion that Westminster is the landlord and legally accountable as such. It owns and has overall responsibility for the relationship with tenants and leaseholders, and in setting housing strategy and policy. CWH is the delivery agent responsible for delivering the strategy and bound to adhere to agreed policy. That said, to prosper, the relationship between the Council and CWH must be based on an open partnership, a shared vision and joint objectives.
- 6.10 Consideration needs to be given to the remit of CWH, how closely it should focus on its core remit of delivering housing management services, and whether it should be divested of responsibility for non-core activities:
- Ending CWH's development function activity, which is already co-located with Westminster, along with construction and regeneration support activity;
  - Ceasing responsibility for the management of CityWest Residential, either locating the clienting function within the Council or discontinuing this line of business;
  - Stopping support activities for over 400 social and intermediate rental homes undertaken on behalf of Westminster Community Homes, focusing resources on CWH-managed stock;
  - Identifying and located shared services opportunities within the Council.
- 6.11 A joint approach is required to translate the Council's vision and values, strategic ambitions, and response to the pressure on resources into a new business plan for CWH. CWH's strategic objectives must be shaped by the Council's corporate objectives and the Housing Strategy's *Homes, People, Places and Prosperity* approach.
- 6.12 Objectives must reflect and reconcile the Council's overall responsibilities to the City, its citizens, their current and future needs, with CWH's focus on delivering effectively to its current customer base. Objectives must be based on shared insight, and enable accurate segmentation by need, risk, complexity and cost of delivery. This insight will help understand future housing needs, make best use of current stock, and determine new supply requirements.
- 6.13 A refreshed approach is required to translate the Council's vision and values, strategic ambitions, and response to the pressure on resources into a new business plan for CWH, with:
- Shared vision for CWH with a clarity of purpose agreed by all core stakeholders – Council, CWH, and residents;
  - Joint response to the challenges of the operating environment, and in delivering key objectives, including those of the housing and homelessness strategies;
  - Convergent operational models that optimise the use of HRA and GF resources;

- Aligned planning and governance models, supported by an intelligent clienting framework;
- Focus on promoting broader added-value, innovation and growth;
- Performance framework that demonstrates the value-add delivered by CWH and promotes transparency in progress reporting and partnership working.

6.14 CWH operates within a wide but loose network of partnerships, with greater or lesser degrees of participation and value-add. To maximise its input and effectiveness in helping shape services, CWH should work alongside Westminster within an agreed strategic framework of local service partnerships.

### **Governance**

6.15 Whilst we did not observe a Board meeting directly, through desktop review of Board papers and interviews with stakeholders it is apparent that governance arrangements require attention. It would appear that the CWH Board is not fully effective in its role of leadership and challenge.

6.16 An independent governance review and resultant development plan would reshape and re-equip the Board to enable it to lead the organisation and respond to the priorities of the client, to advance Westminster's housing strategy and ensure that residents are provided with the best possible standards of accommodation and services within the resources available. This should specifically address issues that have emerged to ensure that:

- The Board is reconstituted in slimmed-down form, making it more agile and ensuring that the objectives of the Council are more closely integrated, whilst accentuating the strengths of the ALMO model by opening up the service to resident and independent scrutiny;
- It is proposed that a future CWH Board has eight members with:
  - Three senior Councillors (who we anticipate would be drawn two from the Administration and one from the Opposition);
  - One senior Westminster officer;
  - Two residents (one tenant and one leaseholder);
  - Two independents.

Optionally the Board might include the CWH CEO in addition. Comparable London ALMOs in Lewisham, Haringey and Tower Hamlets, which have relatively straightforward structures, do not include the Chief Officer on the Board, whereas in Barnet, which has a more complex group structure, the Chief Executive sits on the Board;

- The selection of these Board members should have regard to the skills required to ensure effective oversight and direction of CWH, and these skills should be set out in a Board skills matrix;
- The Board provides effective strategic leadership and control of the organisation, and acts wholly in its best interest;

- The quality of information and analysis provided to the Board is improved – ensuring reports are concise, point members to specific issues for consideration, whilst providing assurance that specialists within the business are in command of the detail;
- The Board is equipped to make informed, timely and effective decisions, with the necessary skills development in place;
- The relationship between the Board and Executive Management Team is both challenging and supportive;
- The relationship between the Board and the Council is clear.

### **Culture**

6.17 A continuing theme that has emerged in the course of our engagement with stakeholders, has been repeated concern over weaknesses in CWH's staff culture. This is not, so far as we can judge, uniform across the organisation. Nonetheless, there appear clear signs of poor attitudes towards the Council's role and the CWH partnership with it, towards contractors, and critically also towards residents. This has to be addressed. Our view is that the starting point should be to conduct a culture survey of the workforce to identify the scale and nature of the problem, as well as to inform the work that will be required to reset in a healthy and appropriate direction.

### **Clienting**

6.18 Whilst an *intelligent clienting* approach and model have been adopted in managing CWH, the focus on operational recovery over the last year has meant the relationship serves as a conduit between the two organisations rather than facilitating a strategic partnership. While CWH should be a capable delivery agent of housing management and should require minimal day-to-day oversight, the Council is attempting to address a broader picture of need to which CWH is well placed to contribute.

6.19 Fully adopting the *intelligent clienting* approach will enable a more dynamic, open relationship to flourish, and whilst rooted in the contractual relationship between Council and ALMO, would nurture innovation and a more effective response to the rapidly changing operating environment, by harnessing the relative expertise and strengths of both parties most effectively.

### **Best use of resources**

6.20 This exercise has highlighted the potential for CWH to review its allocation of resources as it continues with the implementation of its Target Operating Model. We anticipate that this will identify potential for efficiencies and cost reduction in future years. In turn, this should be used to generate further continuing savings for the HRA in respect of CWH services, which will help generate further HRA capacity. Given the Council's prime objective of delivering new housing, CWH and Westminster should work together, using the outputs from the service review and governance work to:

- Refresh the medium-term financial targets the Council sets for CWH. The aim should be to optimise the resources that are returned to the authority through

savings, while enabling CWH to continue retaining resources for reinvestment in services that contribute towards Westminster's objectives;

- Ensure that additional services allocated to CWH are clearly defined and monitored using the change control mechanism set up for the Management Agreement. The authority should also demonstrate added value as part of its rationale for allocating additional services to CWH, and delivery of the added value requirement should form part of Westminster's client-side monitoring;
- Determine the optimal organisational design to deliver the expected service objectives, whilst optimising value for money;
- Consider the potential financial benefits that could be derived from a shared service and co-location opportunities (for example, in relation to CityWest Connect), which the Council could in turn redirect towards delivering new homes;
- Collaborate on identifying and developing further income generation and cost reduction opportunities with a view to maximising the delivery of new homes.

### **Direct savings from cost reductions**

6.21 Our desktop review of CWH budgets has concluded that the organisation is well-resourced, and that there are opportunities to deliver overall cost reductions from current budgets, as a means of making additional resources available to help deliver the Council's objectives. The cost reductions could be achievable as part of the clienting improvements we have identified, refocusing CWH services on a more narrowly-defined core offering and reducing the scope of its business activities. The services affected are drawn from across the CWH directorates, and include:

- Programme & Commercial;
- CityWest Connect;
- Commercial Performance;
- Communications;
- Transformation;
- Finance;
- Financial Control;
- Procurement;
- Executive Team;
- Office Services;
- Learning & Development;
- IT Management;
- Human Resources;
- Board Expenses.

- 6.22 In estimating the savings achievable, we have calculated an overall allowance, based on the variable costs of each of the above services and a desktop assessment of their scope for incremental cost reductions. This provides a high-level indication of potential savings.
- 6.23 In addition, we have assumed the termination of services provided by CityWest Residential, and that the following services would transfer from CWH, to be delivered by other parts of the Council:
- Construction team;
  - Development;
  - Little Venice;
  - WCC Recharges;
  - WCH (acquisition).
- 6.24 As a consequence of these changes, the directly controlled annual budget for CWH would initially reduce by £7.129m from £37.272m to £30.143m. Of this reduction, £3.443m would transfer for delivery by other parts of the Council. The table below summarises our analysis.

	CWH Original Budget £000	Initial Reduction £000	Transferred Services £000	CWH Retained Budget £000
<b>Operating Income</b>				
HRA	-31,391	2,282	3,194	-25,915
HRA Capital	-3,191	0	0	-3,191
WCH	-477	0	249	-228
Third Parties	-2,213	1,404	0	-809
<b>Total Operating Income</b>	<b>-£37,272</b>	<b>£3,686</b>	<b>£3,443</b>	<b>-£30,143</b>
<b>Operating expenditure</b>				
Payroll & Agency Costs	26,555	-1,907	-2,498	22,150
Non-Payroll Costs	10,717	-1,779	-945	7,993
<b>Total Operating expenditure</b>	<b>£37,272</b>	<b>-£3,686</b>	<b>-£3,443</b>	<b>£30,143</b>

- 6.25 We anticipate that the initial benefit to the HRA from reduced operating costs would be £2.282m, before allowing for any additional operating costs. For the purposes of this exercise, we have assumed that the authority would wish to procure replacement services for those currently provided to the HRA by CityWest Residential. We have also allowed for the HRA to spend an additional £0.100m p.a. on improved clienting. The net reduction in operating costs after taking these adjustments into account, would be a saving of £2.847m p.a., as set out in the table below.

	Initial Cost Savings £000	Eliminated Services £000	Total Reductions to CWH Budget £000	Replacement Services £000	Additional Operating Costs £000	Total Net Reduction £000
<b>Operating Income</b>						
HRA	1,544	739	2,282	-739	-100	1,444
HRA Capital	0	0	0			0
WCH	0	0	0			0
Third Parties	0	1,404	1,404			1,404
<b>Total Operating Income</b>	<b>£1,544</b>	<b>£2,143</b>	<b>£3,686</b>	<b>-£739</b>	<b>-£100</b>	<b>£2,847</b>
<b>Operating expenditure</b>						
Payroll & Agency Costs	-1,182	-725	-1,907			-1,907
Non-Payroll Costs	-361	-1,418	-1,779	739	100	-941
<b>Total Operating expenditure</b>	<b>-£1,544</b>	<b>-£2,143</b>	<b>-£3,686</b>	<b>£739</b>	<b>£100</b>	<b>-£2,847</b>

6.26 This reduction saving comprises a cost saving to the HRA of £1.444m. The remaining cost savings of £1.404m would be matched by an equal amount of income lost from third parties.

6.27 Note that these savings to the HRA are an alternative to the planned CWH management fee savings of £1.45m in 2019/20 and 2020/21, and so represent a slight reduction in savings to the HRA from current expectations of £6k p.a. This is a broadly neutral position, before allowing for any one-off implementation costs.

### Implementation costs

6.28 In order to realise the types of ongoing saving we have outlined above, it would be necessary for both CWH and Westminster to invest in their existing approaches and contractual arrangements. Our indicative estimate is that the investment required would be in the region of £350,000, and would include:

- £200k for a short-term implementation team within CWH;
- £100k allowance for potential redundancy payments;
- £50k for legal advice to Westminster (also chargeable to the HRA).

6.29 In estimating the one-off redundancy costs of £100k, we have assumed a low likelihood of redundancies being required. This allowance reflects 1% of the pay-related costs from services subject to reduction or elimination under option 1. Westminster may also need to correct any underfunding of the pensions liability in respect of staff who deliver services that transfer from CWH to other parts of the Council.

6.30 Note that we have assumed that the implementation costs would be met from the HRA. However, there is a possibility that some costs may need to be met from another account. We therefore recommend that the Council checks its interpretation of how costs should be financed with its legal advisors before deciding on a course of action.

6.31 We do not anticipate that this option would have a significant impact on the distribution of costs between the authority's HRA and its General Fund.

### **Long-term impact**

- 6.32 For the purposes of this exercise, we have assumed that implementation of the changes outlined, and the delivery of additional cost savings would take three years, commencing in 2019/20, though it may be possible to shorten the implementation period to two years. Our forecasts suggest that the short-term impact on the HRA would be negative, as a result of the additional implementation costs required, with a reduction in HRA balances of -£0.350m over the implementation period.

### **Operational alignment**

- 6.33 CWH has already taking a major step forward in modernising the way it offers and delivers services, driven by the need to focus resources on those most in need, and utilising technology providers to serve customers at a sustainable cost. However, CWH will still deliver an intensive, local and primarily face-to-face service. This is an opportune moment for the Council and CWH to reflect on the role and scope of the service, its service specification and the mutually beneficial behaviours and expectations it holds with residents. There is an opportunity to create a sustainable service offer based on:

- Resident empowerment, resilience and self-help;
- Managing expectations around receiving cradle-to-grave services;
- Focusing support where it is needed;
- Intervening and escalating the level of sanction where terms of tenancy are breached;
- Developing an output-based set of service standards, focusing on the need for delivering results rather than carrying out specific tasks periodically;
- Restating residents' responsibilities for managing homes and neighbourhoods.

- 6.34 CWH can play a wider role in delivering *City for All* priorities to improve the economic independence and address the polarities of wealth and poverty within the City. In undertaking our fieldwork, stakeholders have outlined the need for a total housing approach and for early intervention that reduces the demand on acute, more costly services. For example:

- Develop insight of the demand for homelessness services that originates on CWH estates, driven by large families, overcrowding, and no local affordability;
- Focus on early identification and intervention actions;
- Broaden partnership working through the Children's Services, Housing and Early Help Panel (CHEH) which manages complex cases with input from Children's Services, Housing Options, Children's Centres, Shelter, Housing Benefits, and employment services;
- Ensure tenants are fully engaged in support programmes;
- Consider whole-system costs, for instance the implications of an eviction of a large family that could then require involvement of up to five social workers in resettlement. CWH has a significant part to play in helping optimise the use of resources from all 'pots' across Westminster as part of case-working teams.

- 6.35 CWH is also well placed to identify, and offer in partnership, opportunities within the stock portfolio that offer a broader range of accommodation solutions and tenure types

that meet specific 'time of life' or 'need-targeted' accommodation requirements. Examples could include:

- Increasing intermediate housing provision (currently only 10 units in Westminster at present) that can act as stepping-stones out of homelessness;
- Providing accommodation solutions for young people leaving home or care and supporting the establishment of a first household;
- Enabling people to live in their home for longer and to return home more quickly after stays in hospital.

6.36 There is in addition an opportunity for the alignment of participation and engagement through Area Panels and Residents Council, building a single view of customer and community needs and expectations that can help shape neighbourhoods and services more broadly across Westminster.

6.37 Whilst not a core focus, our review has highlighted delivery processes, such as allocations and lettings, where inconsistent objectives and 'silo-working' are sub-optimising the delivery of a holistic and cost-effective service to residents. Joint service reviews could be used to agree objectives, targets and required outcomes:

- Review and clarify overarching housing strategies and policies, to ensure clear and consistent business priorities, operational delivery objectives and targets;
- Ensure end-to-end business processes with clear objectives and targets, to which both parties deliver (allocations, nominations, lettings and void management);
- Optimise the organisation and delivery of support services to minimise duplication and ensure that expertise is shared effectively;
- Maximise opportunities for insight, information and data-sharing, and ensure that all services have access to any real-time data they require;
- Share and integrate business systems and supporting technology.

6.38 We found good examples of cross-business working as exemplars for establishing future working relationships. The finance teams at the Council and CWH are strong and flexible, and represent a good example of the clienting relationship that the Council has sought to introduce. Steps have been taken to facilitate closer working between teams, which are operating successfully. Measures adopted include joint meetings (formal and informal) and participation by members of the CWH finance team at Council awaydays. Teams increasingly work together directly, through multiple channels, rather than being co-ordinated through single points of contact.

### **Organisational design and culture**

6.39 Many of the observations made by stakeholders recognise a need to re-establish housing management at the heart of the organisation, reconnect with residents, and establish a strong resident-focused service ethos:

**Housing management focus** - ensure that the organisational leadership team has the right level of housing management experience and that specialist knowledge and local insight are nurtured and acted upon within the organisation;

**Customer service focus** - establish a balance between speed of throughput and 'one-and-done' performance, with a focus on ensuring that a resident's circumstances and needs are understood, and the root cause of a problem resolved;

**Communication focus** - better explain and manage change, be proactive, and be more honest and open when problems occur. Consideration should be given as to whether the current outsourced arrangement with Westco is responsive enough to meet the level of resident engagement and communication that the service needs.

### **Summary**

- 6.40 The rationale for this option is that CWH appears widely recognised by stakeholders as having delivered a strong and effective housing management service over time, which has contributed to the Council's broader strategic agenda.
- 6.41 A refocusing of the Management Agreement, clienting and governance structures would better align CWH with the Council's strategic aims; a refocusing on the customer and core services would improve outcomes and help recover residents' trust; and a focus on careful transition towards the full deployment of the Target Operating Model would deliver improvements in efficiency and achieve better use of resources.
- 6.42 The strength of this option is that it maintains continuity and avoids any possible loss of focus and key staff, whilst accelerating efficiency gains. It can also be acted upon immediately, as a new Chief Executive with strong housing management expertise is already in place.
- 6.43 Moving forward, CWH has the local presence and frontline skills, and can build a depth of insight of neighbourhood and resident needs and expectations, to help develop broader cross-cutting service offers focused on early intervention, reducing the demand on critical services.
- 6.44 The main risks associated with retaining CWH are both inherent in the model and in the ongoing delivery of the service through the model:
- There remains an additional layer of management and negotiation between Westminster and the delivery of its objectives;
  - The proposed strategic realignment, and strengthened governance and clienting arrangements may still fail to embed the Council's objectives within day-to-day service delivery;
  - There are apparent signs of weak culture within CWH which, if not addressed, will at best slow progress in delivering the changes required in operational focus;
  - CWH might fail to achieve the service goals and efficiencies anticipated;
  - CWH might fail to contribute effectively to delivering wider service goals or not realise the value-add outlined.
- 6.45 Key considerations in assessing this option are to:
- Translate the Council's vision and values, strategic ambitions, and response to the pressure on resources into an integrated business plan for CWH;
  - Address the weaknesses in CWH's present governance arrangements;

- Identify and address cultural weaknesses among CWH’s staff team at middle, frontline and back office levels;
- Develop a holistic operating model for housing services provision that works across soft organisation boundaries and addresses the blockers and misalignments that are preventing this;
- Work in partnership to develop a plan that maximises CWH’s contribution to supplying targeted accommodation solutions, for specific age profiles and life circumstances, that provide a stepping-stone out of homelessness or a home to meet a specific need for a period of time;
- Implement an Intelligent Clienting approach that will sustain a more dynamic, open relationship, whilst rooted in the contractual relationship between Council and ALMO;
- Work with CWH to enable them to help develop and deliver a broader integration to health, social care and housing through a 'whole systems approach'.

6.46 A summary of the option is presented below.

<b>Option 1: Retain and Refocus CWH</b>	
<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Build upon existing service gains with a new housing-focused management team</li> <li>• Credible plan to realign CWH with aims of Westminster and to make governance and clienting fully robust</li> <li>• Significant cost reductions are possible</li> <li>• Lower level of risk as no change of structure needed and can start refocusing service immediately</li> </ul>	<ul style="list-style-type: none"> <li>• Has the last year damaged credibility with stakeholders beyond repair?</li> <li>• Refreshed governance and clienting arrangements may still not be robust enough to deliver improvements</li> <li>• Inherent layer of management remains between Westminster and advancement of its objectives</li> <li>• Poor culture which, if not addressed, will militate against effective transformation</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• CWH is well positioned on the ground to take on more responsibility for delivering neighbourhood-based services</li> <li>• Joint working arrangements already in place show what is possible (finance)</li> <li>• Scope for making significant performance gains and service innovations with external partners such as RMG and Morgan Sindall</li> </ul>	<ul style="list-style-type: none"> <li>• Levels of performance and contentment may not recover to former levels</li> <li>• Anticipated savings may not be delivered</li> <li>• CWH may not be able to contribute effectively to delivering wider objectives</li> </ul>

**Option 2: Direct Management**

6.47 This option involves terminating the Management Agreement with CWH, winding up the company, and returning the housing service to direct control and management by Westminster.

- 6.48 In addition to the considerations listed below, most of the activities outlined for retaining CWH and refocusing the service, as set out under Option 1 above, would also need to be undertaken in delivering this option.
- 6.49 The aim of returning the Housing Service to the Council would be to achieve more cost-effective and better aligned service delivery with the rest of the Council. This should ensure that the service could better meet future challenges of increasing growth, addressing vulnerability, and responding to opportunities. Direct Council control and co-ordinated decision-making should assist in addressing broader challenges in a climate of change.

#### ***Organisational design considerations***

- 6.50 If the service is brought back in-house, it will be necessary to decide where it is located and how it would be managed within the current directorate structure. Would the returned housing management best fit within the Growth, Planning and Housing function, through which it is currently cliented but which has a focus on development and growth; or would it potentially align more closely within the City Management and Communities function, which is focused on providing clean, safe neighbourhoods, and healthy and cohesive communities? The return of CWH to the Council would also provide the opportunity for the restructuring of other housing and aligned functions.
- 6.51 Careful consideration moreover needs to be given to how the Council's strategic objectives would be best met; how the proposed new service model would be best implemented; how envisaged savings would be made; and how broader service alignments would be realised.

#### ***Resident engagement considerations***

- 6.52 If the Council's decision is to bring the services back in-house, our recommendation would be that this should be linked to a clear and coherent 'offer' to residents. Based on the performance assessment work we have undertaken and based on the stakeholder consultation that we have conducted, CWH has clearly achieved performance improvements and enhanced satisfaction levels, and the dip in performance and satisfaction experienced over the last year is slowly being reversed.
- 6.53 A decision to bring back the service into the Council ought therefore to be couched strongly in terms of what improvements that will deliver. Such a message can be fashioned, based on positive and strong strategic integration, but we would stress that this should not be done as a 'last minute add-on'. Bluntly, residents will want to know who is going to be managing and maintaining their homes, and how this is to be delivered.

#### ***Financial considerations***

- 6.54 CWH is 100% owned by the Council. Consequently, if the service was transferred back in-house and CWH closed down, Westminster would take on all of the assets and liabilities of CWH. Most of these impacts would be felt directly on the HRA but there are broader corporate implications as well. In this event, certain roles and functions would no longer be required, but in transferring the services across, it will be important to distinguish

between those functions which are no longer required, and those which Westminster might choose to deliver differently under any internal restructuring.

### **Direct savings from cost reductions**

- 6.55 CT has undertaken a high-level review of the services delivered by CWH to provide an indication of the cost reductions that may be achievable from refocusing services (as under Option 1), as well as returning services to direct management by the Council. It should be emphasised that these represent only a broad guide at this stage. More rigorous internal analysis and consultation would be required if the authority were to choose this course of action. In particular, we have not carried out a detailed analysis of individual posts and any potential redundancy costs.
- 6.56 In assessing which posts to delete, it will of course be important to consider the value that each post contributes and whether by deleting them, there may be a diminution in service. Indications from other authorities where ALMO services have been brought back in-house do indicate that some financial savings can be achieved but, as highlighted elsewhere in this report, there can be knock-on impacts on service quality and tenant satisfaction that also need to be considered.
- 6.57 In addition to staffing being reduced, the closure of CWH would result in the CWH Board being dissolved. There would be direct and indirect savings arising from this, but it will nevertheless be important to substitute that, as appropriate, with new governance arrangements within the Council.
- 6.58 We anticipate that by returning CWH services to direct management by Westminster, the initial budget would reduce by £8.332m from £37.272m to £28.930m. Operating costs would reduce by £4.899m and a further £3.443m of services transferring for delivery to other parts of the Council. The table below summarises our results.

	CWH Original Budget £000	Initial Reduction £000	Transferred Services £000	Budget returned to Council £000
<b>Operating Income</b>				
HRA	-31,391	3,494	3,194	-24,703
HRA Capital	-3,191	0	0	-3,191
WCH	-477	1	249	-227
Third Parties	-2,213	1,404	0	-809
<b>Total Operating Income</b>	<b>-£37,272</b>	<b>£4,899</b>	<b>£3,443</b>	<b>-£28,930</b>
<b>Operating expenditure</b>				
Payroll & Agency Costs	26,555	-2,810	-2,498	21,247
Non-Payroll Costs	10,717	-2,089	-945	7,683
<b>Total Operating expenditure</b>	<b>£37,272</b>	<b>-£4,899</b>	<b>-£3,443</b>	<b>£28,930</b>

- 6.59 Our expectation is that the initial benefit to the HRA from these reductions would be £3.494m, before allowing for any consequential increases in operating costs. For this review, we have assumed that the HRA would procure replacement services for those that it receives at present from CityWest Residential. Once these additional costs are

taken into account, the net saving to the Council would be £4.160m, as shown in the following table.

	Initial Cost Reduction £000	Eliminated Services £000	Initial Reduction to Budgets Returned to WCC £000	Replacement Services £000	Additional Operating Costs £000	Total Net Reduction £000
<b>Operating Income</b>						
HRA	2,755	739	3,494	-739	0	2,755
HRA Capital	0	0	0			0
WCH	1	0	1			1
Third Parties	0	1,404	1,404			1,404
<b>Total Operating Income</b>	<b>£2,756</b>	<b>£2,143</b>	<b>£4,899</b>	<b>-£739</b>	<b>£0</b>	<b>£4,160</b>
<b>Operating expenditure</b>						
Payroll & Agency Costs	-2,085	-725	-2,810			-2,810
Non-Payroll Costs	-671	-1,418	-2,089	739	0	-1,350
<b>Total Operating expenditure</b>	<b>-£2,756</b>	<b>-£2,143</b>	<b>-£4,899</b>	<b>£739</b>	<b>£0</b>	<b>-£4,160</b>

- 6.60 As under the previous option, £2.143m relates to the elimination of services provided by CityWest Residential (unless these were to continue in another form). All of the other cost reductions relate to streamlining of services, with additional savings from merging CWH functions with existing functions within the Council. In addition, there would be no costs for providing an independent CWH Board and the associated corporate governance. Of the £4.899m cost reduction, after allowing for the procurement of replacement services, we would expect £2.755m to benefit the HRA, with a small £1k saving for Westminster Community Homes and the balance matched by lost income from third parties, as summarised in the above table.
- 6.61 In preparing this table, we have adopted a prudent approach and have not assumed that the cost of entire departments could be saved, as some of the costs currently being incurred by CWH would continue in the event of the service being brought back in-house. Note that the Council would have to honour the current salary and pension arrangements of staff transferring under TUPE, and may need to recruit replacement staff for any CWH employees who choose to pursue other opportunities instead of joining Westminster. It would also incur one-off implementation costs from the decision.
- 6.62 Note too that these savings are an alternative to the planned CWH management fee savings of £1.45m in 2019/20 and 2020/21, and so represent a modest improvement on current expectations for the HRA of £1.305m per annum. These represent savings on operating costs, and are before allowing for any one-off implementation costs.

**Implementation costs**

- 6.63 Westminster would incur additional implementation costs if it chooses to return CWH services to its direct control. Taking account of experience elsewhere, we anticipate that these costs, all of which would be chargeable to the HRA, are likely to be in the region of £2.8m, including:
- £1m for an implementation team to plan and deliver the changes required;
  - £600k for legal advice and the transfer of assets;
  - Up to £200k for pensions and actuarial advice, in connection with the transfer of pensions liabilities;
  - £1m allowance for potential redundancy payments
- 6.64 In allowing for potential one-off redundancy costs of £1m, we have assumed a high likelihood of redundancies. This allowance is broadly equivalent to 13% of the pay-related costs from services subject to reduction or elimination under Option 2.
- 6.65 Closure of CWH should also enable the Council to refocus resources that are currently utilised on client-side activity in respect of services provided by CWH. We have assumed no net saving from reduced clienting activity for the purposes of this exercise, but there is potential for clienting costs charged directly to the HRA, or recharged from the GF, to reduce. Such savings, if identified, would benefit the HRA, but could also present an additional cost to the authority's GF (unless compensating steps are taken to reduce the overall client-side costs).
- 6.66 Westminster may also need to correct any underfunding of the pensions liability in respect of staff who transfer to the Council on the closure of CWH. It may be possible to fund this from any residual value returning to the Council from CWH, but equally there is potential for the costs to fall to the Council. The extent and funding of any potential pensions liabilities would be a matter for the authority to discuss with its pensions advisor as part of preparing its plans for taking Option 2.

**Other factors**

- 6.67 On the closure of CWH, Westminster would gain direct control of its assets and liabilities. On the basis of the CWH Annual Report and Financial Statements for 2016/17, this would suggest the return of net current assets in the region of £0.5m, which includes a cash balance of around £4m to £5m. We have assumed that net balances of £0.5m would return to the HRA.
- 6.68 Note that we have also assumed that the implementation costs would be met from the HRA. However, there is a possibility that some costs may need to be met from another account. We therefore recommend that the Council checks its interpretation of how costs should be financed with its legal advisors before deciding on a course of action.

**Long term impact**

- 6.69 For this option, we have also assumed that implementation of all the changes outlined, and the delivery of additional cost savings, would take three years, starting in 2019/20. Our forecasts suggest that the impact on the HRA would be neutral over the first five years of the authority's HRA business plan, while operational savings are used to repay the additional implementation costs. Thereafter, the operational cost reduction would benefit the HRA, with a potential increase in HRA balances of +£7.5m by the end of 2027/28.

**Transition process**

- 6.70 In outline, the principal activities for the Council to undertake, if it opts for bringing the housing service back in-house, will be as follows:
- (a) Determining Westminster's offer to tenants and leaseholders, in terms of how the services will operate and be delivered, and how these will feel different and better for residents;
  - (b) Planning and conducting the test of opinion (see legal considerations).
- 6.71 And, subject to confirmation through a test of opinion that the service should transfer back to the Council:
- (c) Setting up a senior level Project Board drawn from both Council and CWH to oversee and direct the transition;
  - (d) Determining the new corporate structure, including whether the Housing Service will be transferred as a whole or whether it may be divided up between the *management* and *growth* focused services;
  - (e) Reviewing the staffing structure of the service;
  - (f) Reviewing the interface arrangements between relevant CWH officers and systems and the Council's corresponding relevant systems;
  - (g) Consulting staff on the proposed TUPE transfer and how this will affect them;
  - (h) Reviewing pensions liabilities;
  - (i) Taking steps to ensure, so far as practicable, that the services of key senior and technical staff of CWH are retained;
  - (j) Planning a phased migration of contact management services to the Council's contact centre, so as not to compromise the recovery in service response times;
  - (k) Making contingency plans to deal with any potential problems or service failure during and following the transition, in respect of the housing management service and delivery of capital works;
  - (l) Arranging that all works, services and goods contracts with CWH are novated to Westminster;
  - (m) Putting in place a comprehensive communications strategy and plan to ensure that tenants and leaseholders, Council Members, officers and external partners are clear on the changes being implemented and their implications for their engagement with the new Housing Service;

- (n) Developing and implementing a new but comparable model for resident engagement that enables tenants and leaseholders to help shape and scrutinise service delivery in a meaningful way.

### **Risks and considerations**

- 6.72 Bringing the service in-house introduces a fundamental level of change to the service, at a time when the inherent risks to the service are at their greatest, and therefore this should be considered as a potentially high-risk option:
- Direct engagement and accountability to residents may be affected;
  - Leadership attention could be diverted from the service and from implementing relevant legislative changes in the run-up to the transition;
  - The performance gains made by CWH may be lost and focus dissipated;
  - The TUPE transfer process will need to be managed efficiently and effectively;
  - Experienced managers and staff may become demotivated and leave, with consequent loss of expertise;
  - The culture weaknesses that currently exist within CWH, as noted above, would still apply, on the basis that CWH staff would transfer to the Council; and while one might reasonably expect that the new environment would have an influence on those concerned, work to tackle those weaknesses would still be required;
  - There will be a reputational risk to Westminster if consultation or the transition is not managed smoothly, or if the Council does not improve upon (and continue to report) the improvements already made by CWH, and resident satisfaction falls.
- 6.73 Bearing in mind that the CWH Board would disappear, consideration should be given to an alternative structure that maximises resident engagement at high level in relation to the direction and delivery of the service. There are plainly different options for how this might be achieved, such as the establishment of a resident/independent 'expert council', or increased use of scrutiny. In reality, whatever arrangement is adopted, it is unlikely to have the authority of the present ALMO Board, though this might be compensated if a greater number of residents can be involved in the processes than has historically been the case.
- 6.74 The closure of CWH may have other knock-on impacts on the service, some of which may not be immediately quantifiable and would require more detailed analysis. Potential comparisons with other authorities that have brought their service back in house would require further research. However anecdotal information and some indicative performance data regionally suggests that tenant satisfaction in Rotherham, Sheffield and Leeds (all former ALMOs that have been brought in-house) is lower than in Barnsley, Kirklees and Doncaster (where services are currently provided by the ALMO). Other KPI data shows a more mixed picture. Drawing comparisons with other authorities is difficult, as each will have had different priorities for returning the service to direct control and will have focused on specific priorities since transfer, particularly on growth of housing supply.
- 6.75 In our view, there can be considerable benefits to setting up and maintaining separate wholly-owned companies, depending on the purpose of such vehicles. CWH has helped

generate significant additional funds for Decent Homes and other investment programmes.

- 6.76 The key issue for Westminster now is whether it wants to continue with or adapt that model to meet the new challenges it is facing, or use a different model to meet those challenges.

### **Legal considerations**

- 6.77 In returning CWH to Westminster the following issues should be considered:

- It is likely, in our view, that Westminster will wish to follow the voluntary dissolution route, but it will be important to establish this as early as possible, so that the CWH Board Directors can be advised of their obligations under the chosen process;
- The Council will need to decide how to end the Management Agreement. Much will depend on timing, for instance - will timing work with a natural 'break' in the Management Agreement, or will Westminster simply decide to disregard the terms of the Management Agreement and terminate regardless?
- Bringing the services currently performed by CWH in-house will trigger the Transfer of Undertakings (Protection of Employment) Regulations 2006 (as amended) (TUPE), under which all employees who are "wholly or substantially employed" in the undertaking will have their employment transferred to the Council;
- Where CWH has entered into contracts with other organisations (apart from with the Council itself) for the provision of services or works, then consideration will need to be given to bringing those arrangements to an end or effecting assignment or novation to the Council;
- Westminster will have to determine the type and level of consultation with their residents on any reintegration proposal. Under section 105 of the Housing Act 1985, Westminster will be required to consult where, in the opinion of the Council, the following criteria apply:
  - "It is a matter relating to the housing management of properties let by Westminster on secure tenancies. Such a matter would include the management, maintenance and provision of services or amenities;
  - The proposals regarding this matter constitute:
    - a new programme of maintenance, improvement or demolition; or
    - a change in the practice or policy of the local authority;
  - The proposed change is likely substantially to affect either all or a distinct group of Westminster's secure tenants."
- Westminster would need to consider the impact on its General Fund of any closure of CWH (and in particular the consideration of central service recharges to CWH and any savings that might be realisable were the housing service brought back in-house) in that the housing service would remain subject to the statutory 'rules' that apply to Westminster's HRA in the Local Government and Housing Act 1989.

### Summary

- 6.78 The rationale for this option is that, by returning the Housing Service to the Council, a housing management service comparable to that delivered by CWH would continue to be delivered, but in a more cost-effective manner and in closer strategic alignment with broader Westminster objectives.
- 6.79 This assertion would hold true even if the service realignments set-out in the *Retain and Refocus CWH* option were delivered, as by delivering the service directly, the Council will be better positioned to meet future challenges of increasing growth, addressing vulnerability, and responding most effectively to the opportunities of the City.
- 6.80 The strength of the proposition to return the service in-house is that it gives the Council direct control at a time of considerable operating challenge – in particular the roll-out of Universal Credit and the ramifications of the Grenfell fire. The specific strengths of this option are:
- It would enable the Council to realign services more broadly to achieve service objectives;
  - It would enable faster and more responsive decision-making across all housing services through a single integrated management structure;
  - It does not preclude delivering the service improvements outlined above for retaining CWH.
- 6.81 Returning the service to direct control, however, risks losing the operational focus gained by CWH, at a time when it needs to achieve demonstrably more:
- The performance gains made by CWH this year may be lost and the organisation's single focus on housing dissipated within the Council, where spans of control are greater;
  - The transition process will divert management time and resources away from meeting delivery goals;
  - Key resources may be lost from within CWH;
  - Direct engagement and accountability to residents may be impacted;
  - The new model might fail to deliver the additional affordable homes planned.
- 6.82 Key considerations in assessing this option are:
- Any plan to change the current arrangement for delivering housing services by CWH should be based on a clear and coherent 'offer' to tenants and residents. A Test of Opinion must be conducted to give tenants a full say in the process, and arrangements would be needed that are comparable to those presently provided by the CWH Board and engagement structures;
  - Analysis suggests that operational savings of £4.9m could be yielded in returning the service to Westminster. However, these will be offset in part by transition costs in the short-term, and comparable management roles will be required in the Council if the service is delivered on a like-for-like basis;
  - The main risks associated with dissolving CWH are a loss of focus on housing management, a dip in performance in the run-up to and during the transition

process, and the potential loss of expertise through redundancy or if key staff choose to leave;

- Consideration must be given to as to how the housing service would best fit within Westminster’s structure, with strategic objectives best met by splitting and realigning operations along functional lines or by managing the operation as a single unit, as is the case now with CWH;
- There are a range of redundancy, pension fund, legal and transfer of liability considerations that will require more detailed analysis before proceeding;
- A robust and appropriately resourced transition plan would be required to manage the transition process.

6.83 A summary of the option is set out below.

<b>Option 2: Return to Direct Westminster Control</b>	
<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Control and direction of the service sits with Westminster, making it more responsive</li> <li>• Significant savings can be made in removing a layer of management</li> <li>• Clienting and duplicated specialist support posts can also be deleted</li> <li>• The service improvements proposed for Option 1 can also be made as part of this option</li> </ul>	<ul style="list-style-type: none"> <li>• The transition process may deflect management attention</li> <li>• Resident accountability may be weakened, and an alternative engagement structure would be needed</li> <li>• The long-term progress made by CWH may be lost and performance falls back</li> <li>• The savings envisaged may not be realised</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Opportunity to reshape delivery and clienting arrangements more widely across the housing service</li> <li>• The service can be aligned to deliver broader service goals and <i>City for All</i> objectives</li> <li>• Opportunity to renegotiate the offer to residents</li> </ul>	<ul style="list-style-type: none"> <li>• A test of opinion will be needed that could prove highly divisive</li> <li>• Housing management focus is lost as the service is absorbed into a service with wider spans of control</li> <li>• Performance may dip again as the transition is made</li> <li>• Key staff may decide not to transfer back into Westminster</li> <li>• The existing culture weaknesses would remain with the transferring staff, and even if dissipated to a degree by transfer, would still have to be addressed</li> </ul>

### **Option 3: Alternative Delivery Model**

#### **Overview**

- 6.84 Local authorities across the country are developing a wide range of innovative partnerships, matched to local circumstances that blur the boundaries between Council and ALMO, RP and private sector, to create holistic, value-for-money service delivery and growth vehicles, that are categorised as Alternative Delivery Models:
- Cross or multi-borough partnerships;
  - Local Authority Trading Company (LATC);
  - Public Service Mutual (PSM), with elements of stakeholder ownership;
  - Joint venture with private or public-sector partners.
- 6.85 Each delivery model has a definitive set of ownership terms, governance and control arrangements, and a level of flexibility to innovate that make it more or less applicable to the Westminster context.
- 6.86 Of the alternative delivery models listed as 6.84 above, we would see the LATC as most readily applicable in Westminster's case. The authority has a number of separate delivery vehicles already in place - principally CWH, the WOC and WCH. The purpose of bringing these together under a consolidated governance and leadership structure - a LATC umbrella body – would be to enable a number of key features:
- Operating as a commercial business whilst remaining wholly-owned and controlled by the Council;
  - Facilitating coherence of delivery across the various currently separate entities, enabling a clear and united focus on meeting Westminster's strategic objectives;
  - Enabling some further savings to be achieved through the potential integration of some leadership roles and of back office services;
  - Facilitating the consolidation of the separate clienting and liaison arrangements presently in place for all these vehicles;
  - The potential to develop partnership arrangements with other authorities;
  - It could be incentivised to realise efficiencies and develop service offerings;
  - It could provide services to the wider market;
  - Its surpluses (subject to VAT and corporation tax) can be returned to Westminster as dividends or reinvested into service delivery as required;
  - It could be managed to achieve social enterprise status or developed into a PSM.
- 6.87 Delivering housing services through a trading company would potentially provide Westminster with a vehicle to fundamentally reshape the way it delivers the service and accelerate its growth aspirations, whilst retaining a level of control of the approach and outcomes.
- 6.88 Whilst only explored in overview as part of this study, a growing cohort of councils are reporting positive outcomes from trading companies to manage housing services and accelerate growth:
- Greater focus, flexibility and impact in delivering services;

- Surpluses used to augment other services and activities;
  - Providing management with greater flexibility to shape future service provision;
  - Improved efficiency and economies of scale delivered off a lower cost base;
  - Ring fencing of high-value, high exposure projects and activities to reduce risk;
  - Retained control and the opportunity to build transformational and commercial skills;
  - Establishing the foundation for future partnering or cross-council and public authority working.
- 6.89 As an exemplar particularly relevant to Westminster, The Barnet Group, was set up by Barnet Council in 2012 with two subsidiaries – Barnet Homes, the Council’s pre-existing housing ALMO, and Your Choice Barnet, which provides social care services to people with learning and physical disabilities. As part of the review of Barnet Council’s Management Agreement with Barnet Homes undertaken in 2015, a target was agreed for Barnet Homes to build 500 new homes by 2022, including 320 by 2020.
- 6.90 Subsequently, Barnet Homes set up a not-for-profit subsidiary – Open Door Homes, which has been granted Registered Provider status, funded through a £58m loan from Barnet Council and the Greater London Authority, which also contributed a grant of £2.4m towards the construction of 320 homes.
- 6.91 Get Real, a scheme delivered by Barnet Homes, offers shared accommodation and ongoing support to young homeless people who show a commitment to education, training or employment. By offering accommodation at three shared flats, the scheme aims to help break the cycle of anti-social behaviour, alcohol and drug abuse and welfare dependency. Barnet Homes manages the statutory homelessness service on behalf of Barnet Council, delivering £1m savings annually to the General Fund.
- 6.92 Delivering housing services through a trading company has a much higher risk profile:
- The cost and effort in operating a LATC is considerable and would require significant management input;
  - Creating a trading company may distract from the day-to-day delivery of the housing services, with the potential result that operational focus is lost and satisfaction with the service deteriorates;
  - The trading company may not in the event be able to accelerate growth, and its cost of operation would remain high;
  - Operating as a commercial venture, there is a risk of business failure, financial loss and reputational damage to the Council.
- 6.93 To mitigate the risks of the LATC option, a robust assessment and business case process must be followed to ensure that the level of viability and buy-in is clear at every stage.
- 6.94 The potential of a LATC to accelerate growth could also be brought to bear through a joint venture in the case either of a retained ALMO or if housing services were returned to direct delivery.

**Financial considerations**

6.95 It is not possible to make a realistic financial assessment of the option at this point, without further work based on the Council’s potential interest in developing a business case for this model.

**Legal considerations**

6.96 The legal complexities of creating a LATC will naturally require expert advice and guidance beyond the scope of this report. A full legal assessment would need to consider:

- Formation and articles;
- Governance arrangements;
- Procurement arrangements;
- Staffing and TUPE arrangements;
- Clienting arrangements on the Council side.

**Conclusions**

6.97 Adopting an Alternative Delivery Model in the form of a LATC could provide Westminster with a different path for organising service delivery of housing services and fostering growth. Such an umbrella company would, as a wholly-owned vehicle, enable the Council to remain in full control of service delivery strategy, whilst enabling flexibility of approach and organisational design.

6.98 Peer authorities such as Barnet and Cornwall Council are proving that the model can deliver innovative solutions that attract funding and build strong delivery partnerships.

6.99 As this approach widens the scope of the future management of all elements of the housing service, a full review of the option and a costed business case would be required to assess the potential cost and benefits of this option before it can be meaningfully compared with the other two options. A summary of the option is set out below.

<b>Option 3: Alternative Delivery Model</b>	
<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Fundamentally reshape delivery of services beyond housing</li> <li>• Provides flexibility of approach and restructuring at a lower cost base</li> <li>• Surpluses generated can be used to augment other activities</li> <li>• Improve efficiency and deliver more significant economies of scale</li> <li>• Retain control whilst building commercial skills</li> </ul>	<ul style="list-style-type: none"> <li>• Management structures are complex and could require significant executive input to operate</li> <li>• The cost of operations could be high relative to the level of potential growth</li> <li>• It is the most complex option to create and is only described in outline in this report</li> <li>• The financial model will require considerable development to prove viability</li> </ul>

Opportunities	Threats
<ul style="list-style-type: none"> <li>• Operate as a commercial business whilst control remains with Westminster</li> <li>• Peers such as Barnet provide strong exemplars of successful LATC implementations</li> <li>• Basis for partnerships with other LAs</li> <li>• Flexible vehicle that could achieve social enterprise status</li> </ul>	<ul style="list-style-type: none"> <li>• Arrangement may detract from the delivery of the core housing service and customer focus lost</li> <li>• Financial and reputational risks are the same as those associated with any commercial venture</li> <li>• Change in legal or tax rules may compromise the organisation</li> </ul>

**Option 4: Outsourced service**

**Overview**

6.100 An effective outsourcing partnership can harness the strategic vision and knowledge of operating context of a service with the commercial skills, delivery focus and performance culture of a partner organisation to deliver economies of scale at a lower cost base, improve consistency and contentment, and to innovate. Many authorities (including Westminster) have used the model to transform service provision over the last 20 years.

6.101 In recent years however, the outsourcing trend has seen a partial reversal, as the impact of initial savings has passed, whilst the focus on performance and outcomes may have been lost, and rigid outsourcing contracts have not flexed in response to the challenges of the operating environment, reducing confidence in partnership relationships. Many Councils seeking greater strategic control have brought services back in house. Outsourcing companies have also struggled in a number of instances to make their business models work, in the face of diminishing margins and over-extension. A series of high profile failures in recent years (Carillion, Connaught, Rok, Kinetics) and business model re-focusing (Capita, Interserve) has increased scrutiny and closer risk appraisal of the outsourcing approach.

6.102 However, outsourcing is a valid option for consideration at Westminster as there are authorities that demonstrate that an enduring partnership can be effective in delivering efficiency and improved outcomes over time. Westminster itself can point to positive experiences of its own, and has a strong track record of outsourcing. Equally, however, such a partnership must recognise and play to each other’s strengths and react decisively when elements of the partnership do not operate effectively and consistently deliver the advantages and benefits desired:

**Woking Council** - entered into an initial five-year contract for the provision of housing management services (covering repairs, major works, voids, tenancy and Income management) with Pinnacle Housing Ltd in 2012. A decision to extend the contract was made in 2017, reflecting contract performance at the top quartile or on a trajectory to achieve top quartile performance across all measures, the delivery of a 6% reduction in the management fee, and a 10% reduction in support costs (ICT and accommodation), that would not have achieved through other delivery models.

**Barnet Council** - Awarded two extensive service management contracts to Capita in 2013 (one a contract with Capita; the second with a joint venture between Capita and the Council) which have delivered considerable savings (£31m over three years), service improvements (76% of residents satisfied with customer services, up from 52%) and efficiencies. There have however been performance problems within some lines of business and in the background, Capita has been forced to refocus its business strategy. Barnet has recently therefore reviewed the model in respect of meeting its future priorities – to deliver high quality services, secure best value and to strengthen the Council's strategic control of services. The recommended outcome of the review is to insource 11 services where the Council is seeking to assert more control (regeneration commissioning, highways, strategic planning, strategic finance, strategic HR etc.), whilst 17 services (customer services, ICT etc.) will remain with Capita, reflecting a better fit with their ability to deliver technology-enabled services at scale.

6.103 Westminster has direct experience of outsourcing housing management services. Between 2002 and 2006, 50% of the stock was managed by RMG, and between 2011 and 2017 by Pinnacle PSG, cliented by CWH. This arrangement was not renewed in 2017 as the service was brought in-house as part of the introduction of the Target Operating Model. There should therefore be a considerable body of comparative operational and finance data on the effectiveness of the arrangement available for analysis.

6.104 In considering this option it is essential first to understand the basis for considering outsourcing, to undertake a market analysis of the potential solutions and partnership types available, and from there to build a robust business case:

- The drivers and benefits sought from an outsourcing relationship (cost reduction, service improvement, asset investment, innovation etc.);
- The scope of the service(s) to be outsourced;
- The type of management arrangement/vehicle to client the partnership, and the roles and responsibilities in directing and managing it;
- The quantifiable costs, benefits and risks of the arrangement;
- The type of partner organisation and arrangement that would best fit with the strategic objectives and broader operation of the Council;
- The due-diligence process for selecting a partner(s);
- Quantifying any capacity or capability gaps in managing the arrangement;
- How to establish a clear identity for a service which residents can recognise and build trust in, and that can deliver broader community benefits.

6.105 In defining this option, we have undertaken a high-level soft market testing exercise with a number of potential partner organisations (principally commercial services providers and housing associations – see Appendix 4) that operate at scale across London (in mixed-tenure housing management, asset management, facilities management, development and regeneration), and are aware of the Westminster context or already have some form of service supply relationship with the Council. From this exercise, we have established a range of market factors that would attract potential partners to bid

for any future contract(s), based on their business development criteria and their experience of establishing and working within such arrangements.

- 6.106 **Approach** – Potential partners are open to and can envisage a range of management scenarios (dependent on their own business type/model), which could involve joint stock ownership, regeneration opportunities, joint ventures and special purpose vehicles, or working within an internal market as an initial route into outsourcing, for example, whereby CWH delivers 50% of services and the market the other 50%, providing the Council (which would client the external partner directly) with a benchmark against which to assess CWH. Most providers have indicated that they would set up a new subsidiary to deliver the contract.
- 6.107 **Scope** – The proposed offer would need to be as expansive as possible, allowing partners to make a real difference through managing end-to-end service delivery. Narrowly defined packages would not enable efficiencies to be made in reducing touchpoints and hand-offs. The expectation would be that the housing management service forms the core of an outsourcing contract and that best value for money would be achieved by integrating repairs and maintenance, soft facilities management and asset management into the arrangement, with the housing management service provider either delivering these services directly, or clienting their delivery by other providers on behalf of the Council. The linkage of housing management and estate services is seen as critical, given the extent to which residents' views regarding the quality of service overall are coloured by the standard of estate services. The provision or management of specialist services (such as leaseholder services) are not seen as a barrier to entering into a partnership arrangement.
- 6.108 **Scale** – The minimum size of management contract that a potential partner would bid for reflects their type of business/business model and the economies of scale they would need to achieve in order to make the contract work. Stock-owning housing associations are more likely to bid for lots of 1,500 properties upwards (estates, neighbourhoods, areas) depending on location, whereas commercial service providers that require economies of scale are more likely to bid for whole stock service contracts or those split into two or four lots (therefore potentially managing a minimum of 5,000 units). Using two (or more) contractors would enable services to develop in parallel and would also provide a backstop should a provider run into difficulties.
- 6.109 **Contract term** – Whilst potential partners may consider terms of three years plus potential two-year extension, or possibly three years plus one plus one, market expectations generally are for a period of five years with a potential five-year extension (or seven years plus three), which provides for a meaningful period to establish and invest in the partnership, whilst providing ample time and incentive to perform and recoup the initial investment. Building an open and realistic partnership model is deemed essential, enabling the scope of the contract to flex and evolve, without breaking the partnership.
- 6.110 **Pricing:** Market expectations are that a housing management contract would be offered on a fixed-price basis with an associated annual indexation (CPI/RPI); and that an asset management contract would be based on a fixed preliminary element with a percentage fee based on the value of the capital works undertaken. The client would be responsible

- for defining, approving and scheduling the programme, with the delivery partner responsible for delivering the programme to the schedule and within the budget.
- 6.111 **Terms and conditions** – Potential bidders would expect to see a market standard set of terms and conditions relating to for example, insurance limits and liability caps. Understanding the exit liability of final salary pensions where there is an existing deficit is highlighted as the most significant challenge in pricing any arrangement.
- 6.112 **Procurement process:** Market standard evaluation criteria would be expected with a 60:40 weighting of quality and price. An emphasis on adding social value would also be expected with residents and communities playing an active part in contract negotiation and operational scrutiny.
- 6.113 **Contract mobilisation** - A well planned and phased handover, incorporating a reasonable length mobilisation period, is seen as critical in ensuring a seamless transition and reducing risk. This must be coupled with a full understanding of service demand (which invariably spikes when a new service model is introduced), outstanding operational issues (income collection for example) and performance weaknesses (to be prioritised). ‘Big 6’ compliance is recognised as the major take-on risk and the level of assurance provided through existing processes. Winning the trust of TUPE’d staff (for many of whom this would not be their first transfer) and establishing terms and conditions are also considered as top priorities.
- 6.114 **Operation** – Establishing service boundaries and clarity over transactional delivery would be of critical importance to potential partners. Ownership of specific components such as the contact centre is not as important as clarity of ownership for end-to-end service. Establishing operational arrangements such as the use of local bases, and the scale of infrastructure and ICT capability is also a major consideration. Providers would additionally expect policies and procedures, such as on ASB, to be reviewed prior to tendering, to ensure the service offer is clear to them and to residents.
- 6.115 **Clienting** – Regardless of the configuration of the service specification, potential bidders would expect to see a transparent, unambiguous clienting arrangement, with direct lines of control and alignment with the Council and its objectives. The Council should own and lead the arrangement to promote buy-in. Ultimately partners want to be able to demonstrate to stakeholders the value that they bring to the arrangement. A clear expectation is that the client function would be appropriately resourced.
- 6.116 **Measuring success** – Potential bidders would expect to work within a market-based performance management framework and to be measured against a set of Key Performance Indicators that would determine payment of a fixed fee. There would be a ‘holdback’ arrangement to encourage strong performance, with penalties for under-performance, and ultimately provision for termination of contract for consistent breaches. However, bidders would expect to build a collaborative partnership with the Council, and that the Council would offer a level of trust whereby the KPIs would not dominate or create an adversarial relationship.
- 6.117 Westminster currently delivers significant elements of its housing service through third-party contracts. The Council contracts the delivery of the homelessness and housing

options service directly with RMG, and through CWH, the repairs and maintenance service with Morgan Sindall, and facilities management with Pinnacle PSG. These organisations have either long-term contracts or established relationships with the Council, and are well placed (potentially through a non-disclosure agreement) to help define a potential delivery model and market proposition for Westminster, which could also encompass elements of the joint venture/trading company analysis outlined in Option 3 above. This approach could be worked upon whilst the immediate problems of the service are resolved.

6.118 Taking forward this option will require a significant level of management input prior to embarking on a formal OJEU tender exercise. Realistically, a full outsourcing arrangement would not be in place before 2020/21. A full business case is essential to establish the scope and viability, potential rewards and risks associated with the option, and would need to consider the following.

(a) Definition of the contract strategy:

- Scope – housing management only or including repairs and maintenance;
- Specific services to be included or excluded;
- Split and number of contract lots (with an assessment of the risks associated with a single or multiple party arrangement);
- Duration of the contract;
- Profit-sharing and risk-sharing arrangements.

(b) Full service specification needed;

(c) Running the contract tendering process, including full market consultation on the contract strategy elements;

(d) TUPE arrangements and contract lead-in time;

(e) An outline timetable for contract mobilisation.

### ***Financial considerations***

6.119 It is not possible to make a realistic financial assessment of the option at this point, without further work based on the Council's potential interest in developing a business case for this model.

### ***Legal considerations***

6.120 The legal complexities of establishing an outsourcing partnership will naturally require expert advice and guidance beyond the scope of this report. A full legal assessment would need to consider:

- Procurement arrangements;
- Contract arrangements;
- Governance arrangements;
- Staffing and TUPE arrangements;
- Clienting arrangements.

**Conclusions**

- 6.121 Outsourcing has proved to be a ‘double-edged sword’. While it has cut away outdated service delivery models and practices, it has also exposed shortcomings in strategic leadership and clienting, and left a number of local authorities exposed to market risks and corporate frailties. That said, Westminster currently delivers a significant range of its services through a patchwork of third-party partnerships, some of which are tried and tested, whilst others are newly established. It may make sense therefore to explore further (without compromising the short-term recovery of the service) how additional value may be gained from a more holistic approach to delivery through outsourcing, and potentially within the context of a trading vehicle, to create a new ‘Westminster way’.
- 6.122 As with Option 3, this approach widens the scope of the future management of all elements of the housing service. A full review of the option and a costed business case would be required to assess the potential cost and benefits of this option before it can be meaningfully compared with the other two options. A summary of the option is set out below.

<b>Option 4: Outsourced Service</b>	
<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Improve efficiency and deliver more significant economies of scale</li> <li>• Provides flexibility of approach and restructuring at a lower cost base</li> <li>• Fundamentally reshape delivery of housing services</li> <li>• Build on existing outsourced service provision</li> <li>• Surpluses generated can be used to deliver other priorities</li> </ul>	<ul style="list-style-type: none"> <li>• The financial model will require considerable development to prove viability</li> <li>• Benefits of initial savings may be offset as arrangement is unable to respond to changes in operating environment</li> <li>• Reliant on maintaining strong partnership and clienting relationships over an extended period of time</li> <li>• Complex option to create and is only described in outline in this report</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Retain strategic control whilst utilising market skills to drive service forward</li> <li>• Learn from peer and own experience of outsourcing to tailor a Westminster specific model</li> <li>• Operate and client within an Alternative Delivery Model framework</li> </ul>	<ul style="list-style-type: none"> <li>• High degree of stakeholder scrutiny and potential challenge to the model</li> <li>• Financial and reputational risks are the same as those associated with any commercial venture</li> <li>• Potential failure of outsourcing partners</li> </ul>

## 7. CONCLUSIONS AND RECOMMENDATIONS

### *Strategic context*

- 7.1 At the core of Westminster's housing strategy are the objectives to achieve rapid increase in the supply of affordable housing whilst making the best use of its existing stock; to make neighbourhood renewal a business-as-usual process over time; and to enable residents to fulfil their potential.
- 7.2 Westminster delivers its housing services through a network of inter-connected organisations and management arrangements, including CWH (a housing management vehicle), a Wholly Owned Company (a development and potentially a management vehicle), and WCH (a wholly-owned Registered Provider). The homelessness service is outsourced through a partnership arrangement. Westminster has a sales and lettings agency cliented by CWH, and CWH also clients Westminster's TMOs.
- 7.3 It is an appropriate point to ask which configuration of these delivery vehicles will most effectively deliver the authority's strategic outcomes whilst making best use of resources, and to review overarching governance and clienting structures to maximise integration and outcomes.

### *Current operations*

- 7.4 The challenging operating environment and the scale of the response needed in light of the Grenfell fire, as well as with the range of potential changes sketched out in the Social Housing Green Paper, highlight the need for strong housing management leadership and expertise, and a clear operational focus on delivering core housing services.
- 7.5 Through stakeholder interviews and desktop analysis of key management documentation, we have formed the opinion that over time CWH has achieved a good level of operational performance and broader value-add outcomes for Westminster, with correspondingly high levels of resident satisfaction. However, the quality of customer care, service delivery, local ownership and connection with residents was significantly compromised over last year, as CWH implemented a new Target Operating Model.
- 7.6 The transformation caused significant operational problems that have at their roots weaknesses in the oversight and management of the service:
- The leaders of the change were not sensitive enough to its potential impact or flexible enough to change direction when it was obvious to do so. Re-establishing customers at the heart of the organisation's culture must be a priority for the new Chief Executive;
  - The Board was seemingly ill-equipped and unsighted in assessing the risk associated with the change and in providing the necessary level of challenge and intervention once things started to go wrong. A full review of the structure and governance processes is recommended to ensure the Board can re-establish its proper role;
  - The clienting model and relationship was not robust enough to identify the risks associated with the change at an early stage or the performance issues as they

arose. Moving forward, a partnership approach is required, backed up by a refreshed Management Agreement.

### ***Current efficiency***

7.7 A central question posed of this review is how efficient the current delivery model is. From our analysis of the evidence provided to us, we can conclude that:

- The HRA is in a strong position, with sufficient resources to manage and maintain the existing housing stock and provide substantial levels of investment and regeneration;
- CWH makes an operational surplus and is on course to deliver £5.2m savings;
- Through reallocation of resources in implementing the Target Operating Model, further efficiencies can be made to benefit the HRA and fund the business plan.

### ***Facing the future***

7.8 In deciding the best way forward for providing housing services in Westminster, the operational challenges and local housing needs that any delivery model or vehicle will face, must guide the selection of the chosen approach.

7.9 Westminster, in common with every other local authority and social housing provider, is moving forward through a challenging operating environment that is subject to a fundamental reshaping driven by changes in Government policy (rent cap, Right to Buy, end of lifetime tenancies etc.) and market forces. The Grenfell fire and the Social Housing Green Paper will drive further changes, particularly in relation to resident engagement, but also in relation to regulation, consumer standards, and risk management. Responding effectively will require not only sustained operational focus but innovation and agility in equal measures.

7.10 This raises questions as to the future viability of the current universal nature of the service offer, the sustainability of the high levels of customer demand, and service response offered, when matched against income generated. This may require resetting customers' expectations of the service and managing contentment against sustainable levels of service. The clear priority for the housing service moving forward is to operate at a level of sustainability that will deliver maximum resources for the provision of affordable housing, and contribute to a more holistic model of service delivery across the Council.

7.11 The housing service faces clear challenges moving forward and has also to deliver against significantly raised expectations. The foundations for meeting demands must however be rooted in a laser-like focus on collecting rent and managing stock effectively. This will require both strategic direction and oversight, but also experienced housing professionals to deliver the outcomes.

### ***The potential future management options***

7.12 Analysis of Options 1 and 2 confirms that both are valid paths for Westminster to select, but each has strengths and weaknesses, opportunities and risks associated with it.

Options 3 and 4 introduce the potential for a much wider restructuring and refocusing of the service, with the realisation of wider benefits, but with greater levels of risk:

### **Option 1: Retain and refocus CWH**

7.13 Whilst CWH has operated effectively at 'arm's length' within the terms of its original Management Agreement, and has (as we understand it) delivered relatively efficiently over the past 16 years, the implementation of the new Target Operating Model in 2017 stretched the trust and belief in CWH, and it is less clear that the strategic aims and objectives of Westminster map directly to CWH's delivery priorities. Lines of communication have also become less clear and this review has highlighted shortcomings in management, governance and clienting arrangements, as well as in the ALMO's staff culture.

7.14 For CWH to be considered as a fully credible retained delivery vehicle for the housing service moving forward, a refocusing is recommended. That will create a 'new deal' for current and future stakeholders of the housing service in Westminster:

- Map the Council's vision and values, strategic ambitions, and response to the pressure on resources into the CWH business plan;
- Agree a sustainable service specification against which CWH will manage;
- Review the scope of non-core services that CWH delivers and strip away any that do not add value or distract from the organisation's core mission;
- Undertake an external review and refresh of governance arrangements, to provide appropriate leadership and challenge;
- Complete the implementation of the *Intelligent Clienting* approach that will sustain a more dynamic, open relationship, whilst remaining rooted in the contractual relationship between the Council and CWH;
- Develop a holistic operating model for housing services that works across soft organisational boundaries and can address any misalignments that lessen effectiveness, raise costs or reduce outcomes.

7.15 We anticipate that refocusing CWH would deliver broadly the same operational cost reductions that are currently planned as part of the ongoing programme to deliver cost savings of £5.2m. By refocusing CWH's services on a core offering and reducing the scope of the organisation's business activities, the directly controlled annual budget for CWH would reduce by £7.129m, with £3.443m of this transferring to other parts of the Council for continuing delivery. This refocusing would yield an initial reduction for the HRA of £1.444m, after taking into account the costs of procuring replacement services and making clienting improvements. These savings deliver broadly the same level of operational savings for the HRA, when compared with the existing savings programme. Delivery of this option would require development and implementation of a detailed plan, and would incur one-off implementation costs, which we have estimated at £350k.

7.16 For this approach to work, both parties have to recognise that CWH is in essence the Council's delivery vehicle. On CWH's side, there is a need to appreciate that its role is to operate to Westminster's agenda, and it should not view the relationship as 'us and them'. Whilst CWH is responsible for delivering landlord services, the Council is the accountable body.

- 7.17 On the Council's side, there is a need to recognise that real potential benefits accrue from the arm's length nature of CWH's operation, specifically because of its single focus on housing delivery and improvement. The relationship can only work effectively on this basis, but it plainly requires effective management of that relationship through CWH's governance structures and interface with the Council, and through the Council's clienting operation and CWH's engagement with that.
- 7.18 The strength of this option is that it maintains continuity and avoids any possible loss of focus, whilst accelerating efficiency gains already achieved by CWH. The main risks associated with retaining the ALMO are inherent in the additional management cost of the model and that Westminster is dependent on the effectiveness of the relationship to deliver key service objectives.

### **Option 2: Return to direct control**

- 7.19 Most of the activities outlined in the case of retaining CWH must also be delivered within this option, namely redefining the strategic vision and service specification, and developing plans for managing resources, and delivering more affordable housing and value-add service.
- 7.20 Financially, bringing the service back in-house should accrue annual savings to the HRA in the region of £2.755m (i.e. £1.305m on top of the £5.2m savings already scheduled for CWH to deliver in the last two years of the current programme). The gains identified are a combination of staff savings and non-payroll costs (including Board costs) related to the operation of CWH. Alongside these operational savings, however, there are one-off implementation costs that will be needed to deliver the gains identified and in determining and implementing Westminster's 'offer' to residents. We have estimated these costs at £2.8m. The authority would also reabsorb any net assets held by CWH, and we have assumed a one-off £0.500m net gain to HRA balances from the receipt of net current assets held by CWH.
- 7.21 Engaging with residents will be critical and should be facilitated on the basis of an 'offer' to residents, with clarity about:
- The structure and operational arrangements proposed for delivery of the in-house service;
  - The improvements expected to service delivery and other material areas, such as reduced costs (taking account not just of recurring savings but also of initial one-off costs);
  - Westminster's longer-term vision and plans for housing, including development and any anticipated regeneration;
  - The alternative structures proposed for tenant and resident engagement at high-level, to replace the present arrangements operated by CWH;
  - The transitional arrangements for bringing CWH back into Westminster.
- 7.22 Transition back into the Council will also require careful management, to:
- Produce a clear action plan, setting out key milestones, timetable, and lead responsibilities identified for implementation;

- Develop an organisational design;
- Establish a communication plan for staff, residents and external stakeholders;
- Set up a transition team to manage all aspects of the process;
- Phase contact management services into the Council's contact centre;
- Maintain focus on operational delivery and performance management;
- Address the apparent cultural weaknesses that may transfer to the Council with the CWH staff team.

7.23 The strength of the option of returning the service to Westminster is that it gives direct control over the service at a time of considerable operating challenge. The main risks are the loss of momentum gained by CWH in its current turnaround phase, and a loss of focus at a time and in an environment when it needs to achieve demonstrably more.

### **Option 3: Alternative delivery model**

7.24 Delivering housing services through a trading company would potentially provide Westminster with a vehicle to reshape fundamentally the way it delivers the service and accelerate its growth aspirations, whilst retaining a level of control of the approach and outcomes.

7.25 The potential benefit of this approach is that it would create an holistic management framework for the housing service and could draw in associated support services. At the same time, by bringing together the governance and leadership of Westminster's currently separate housing delivery vehicles, it should provide for greater consistency in direction and delivery, as well as enabling integrated clienting arrangements. It could further facilitate some savings through integrated 'back office' operations. The main drawbacks are that LATCs can be complex structures and have associated levels of overheads.

7.26 It is not possible to quantify adequately the financial benefits or legal considerations within the scope of this review. A close analysis of requirements and business case definition would be required to move this option forward.

### **Option 4: Outsourced service**

7.27 As with delivering housing services through a trading company, outsourcing would potentially provide Westminster with a way to reshape fundamentally the way it delivers the services, whilst retaining a level of control of the approach and outcomes. Westminster currently delivers a significant range of its services through a patchwork of partnerships and it makes sense to explore further how additional value may be gained from a more holistic approach, whilst the service recovers ground lost. This approach could also combine with Option 3 resulting in the creation of a unique Westminster housing delivery model.

7.28 It is not possible adequately to quantify the financial benefits or legal considerations within the scope of this review. A close analysis of requirements and business case definition would be required to move this option forward.

**Considering the options**

- 7.29 In considering the four options, the Council must return to the core objective set for this review: that services delivered make the most efficient use of resources; that governance and risk arrangements are robust; and that services are being provided to the highest and most consistent standards that resources will allow, whilst ensuring that those services are fully compliant with health and safety regulations.
- 7.30 Retaining CWH in its current form is not an option. It needs refocusing to deliver the core housing service, with a refresh of governance and clienting arrangements. However, building on its current strengths, it could make a contribution to delivering more affordable homes and delivering value-add services that address Westminster's wider service priorities.
- 7.31 CWH can deliver further cost reductions by refocusing on core business services and discontinuing non-core activities, such as managing CityWest Residential. This approach could indicatively save £3.6m annually, releasing resources for additional growth activity.
- 7.32 Retaining CWH is a low-risk option, as it builds on an already solid platform, albeit with ground to recover in respect of stakeholder credibility. A new Management Agreement will provide a flexible framework on which to build more robust governance and clienting capabilities.
- 7.33 Returning the service to direct control could enable Westminster to reshape services more widely and also couple more closely the development of affordable homes. It would give Westminster control over the service at a time of turbulence within the operating environment, without the current additional layer of CWH management.
- 7.34 We anticipate that returning CWH services to direct management by Westminster would reduce annual operating costs to the HRA by £3.494m, compared with £2.282m under the option that retains CWH. The option to return services to the Council would also see the reabsorption of CWH assets into the HRA, which would generate further financial capacity in the form of additional HRA balances. However, implementation of the return option would cost more initially, and could lead to a £0.300m increase in the client-side costs that fall to the General Fund, unless steps are taken to reduce the residual client-side costs.
- 7.35 Whilst the potential savings of returning to direct control are greater, so is the risk, as another period of change would be required on top of the one that the service is undergoing. Due consideration must also be given to creating the optimal service model within Westminster, how the transition will be managed, and how residents would be engaged in the process.
- 7.36 We expect efficiency savings to be broadly similar whether or not the service is taken back in-house, and this element can therefore be considered a constant from the viewpoint of the options appraisal. Longer term savings can be achieved by resetting the service specification, which can also be achieved through either approach.
- 7.37 Removing CityWest Residential from the portfolio of services managed by CWH is the largest contributor to savings within both the 'retain' and 'return to direct control'

options. A costed appraisal of the overall value of that business to Westminster (financial, social value etc.) is required to ascertain its future, and if it is of ongoing value, where else it could be more effectively and efficiently managed within the Council, compared with the present arrangements.

7.38 In overview, we anticipate the following indicative financial effects of Options 1 and 2.

Options	Overall Budget Reduction £000	Of which		Benefit to HRA £000	Indicative cost of change £000
		Transfers to other functions £000	is an annual cost reduction £000		
Retain & Focus	6,290	3,443	2,847	1,444	350
Direct Control	7,603	3,443	4,160	2,755	2,300

7.39 Note that the benefit to the HRA identified in the above table replaces the planned savings that CWH are currently implementing. The Retain option broadly delivers the same operational savings as the planned savings of £1.45m that CWH are already delivering for 2019/20 and 2020/21). Under the Return option, operational savings for the HRA are slightly higher than currently being delivered by CWH, at £1.305m p.a. It should further be noted that examining the detail of planned and any further potential savings from service restructuring and realignment is outside the scope of this report, and would need to be addressed through targeted service reviews.

7.40 Whilst both of the primary options of retaining and refocusing the service or returning the service to direct control could potentially yield annual savings, the choice between them hinges on which of the strengths and risks associated with retaining CWH, or those associated with returning to the Council, are more likely to enable or hamper the delivery of service priorities. There is also a timing issue, in that a retained CWH can commence proposed changes immediately, whereas with returning to the Council, there would be a period of transition. We would anticipate that both options can be delivered within existing budgets and resources (with the potential exception of redundancy costs and pension liabilities).

7.41 The ongoing effectiveness of the service under either of the two main options will depend on the ability of the service management team in:

- Refocusing the service on the customer and a consistent level of quality;
- Maintaining the focus on rent collection, repairs and compliance, both during the transition and over the long-term;
- Remodelling the service to deliver the anticipated savings;
- Maintaining an appropriate level of customer contentment.

7.42 Adopting an Alternative Delivery Model such as a Local Authority Trading Company requires considerably more scoping and detailed analysis to enable viable comparison with the other two options. However, given the commissioning model already established within Westminster, and the fragmented delivery of the full housing service, it could provide a pathway to converging the service over time to realise greater value

and outcomes. In the event that the Council opts to retain and refocus CWH, we would recommend that this option is scoped and explored in further detail with a view to a potential phased transition to a LATC group structure.

7.43 Adopting some form of outsourcing arrangement also requires considerably more scoping and detailed analysis to enable viable comparison with the other options. However, this too could provide a pathway to converging existing services and outsourcing arrangements over time to realise greater value and outcomes. In the event that the Council opts to retain and refocus CWH, we would recommend that this option is scoped and explored in further detail alongside the evaluation of adopting an LATC group structure.

7.44 Accordingly, our recommendations are as follows:

(a) That whichever management option the Council chooses for the future management of the housing service, the immediate priority for the service remains operational recovery and rebuilding stakeholder confidence, whilst reappraising service goals and delivery mechanisms, by:

- (i) Aligning resident participation and engagement arrangements through Area Panels and Residents Council, building a single view of customer and community needs and expectations that can help shape neighbourhoods and services more broadly across Westminster;
- (ii) Developing strategic thinking to reshape services that respond to local priorities and operating environment;
- (iii) Ensuring the best balance of service speed of throughput and one-and-done performance is established, with a focus on ensuring that a resident's circumstances and needs are understood, and the root cause of a problem resolved;
- (iv) Ensuring resident communications explain change, are proactive, and are honest and open when problems occur;
- (v) Ensuring that the housing management service operates in support of the wider delivery objectives of Westminster's housing and aligned services, at optimised cost;
- (vi) Realising the potential efficiencies outlined above, and moving to a lower cost-base of service provision. Making best use of the HRA and General Fund and release funds to maximise efficiency through integrated business and financial plans that deliver objectives whilst making best use of skills and resources;
- (vii) Ensuring the right leadership team and organisational culture is in place to deliver the above, with the right level of housing management experience and the nurturing of and responsiveness to specialist knowledge and local insight.

(b) That if CityWest Homes is to be retained as the Council's ALMO, immediate steps are taken to strengthen governance and clienting arrangements, by:

- (i) Establishing a shared vision for CWH and clarity of purpose and goals with stakeholders, and to restate the strategic objectives of CWH within the framework of Westminster's overarching objectives and targets;

- (iii) Reshaping and re-equipping the Board to enable it to lead the organisation and respond to the priorities of the client, and ensure that the Board provides effective strategic leadership and control of the organisation;
  - (vi) Ensuring that the quality of information and analysis provided to the Board is improved and that the Board is equipped to make informed, timely and effective decisions, with the necessary skills development in place;
  - (vii) Ensuring that the relationship between the Board and Executive Management Team is both challenging and supportive and that the relationship between the Board and the Council is clear;
  - (viii) Revising the Council's clienting arrangements on the basis of an *Intelligent Clienting* approach, to maximise the value of each organisation to the other.
- (c) That if management of the service is to be returned to the Council, full consultation and detailed planning arrangements are implemented, by:
- (i) Establishing a clear and coherent 'offer' to tenants and residents, against which full stakeholder consultation and a Test of Opinion will be undertaken;
  - (ii) Ensuring engagement and direct accountability to residents will not be diminished through the transition period or when the service is run directly;
  - (iii) Considering how the housing service would best fit within Westminster's structure to best meet strategic objectives and realise efficiency savings;
  - (iv) Seeking full legal advice on the regulatory, employment and commercial implications of winding up the ALMO;
  - (v) Defining a robust and appropriately resourced transition plan that would manage the transition process without compromising service delivery.
- (d) That if the Council decides a new approach to delivering the service is required through a trading company or outsourcing arrangement, that an in-depth analysis of the potential is developed, by:
- (i) Agreeing the objectives and outcomes sought from creating a new delivery vehicle or entering into a long-term partnership arrangement, and establishing clear service delivery priorities with stakeholders;
  - (ii) Working with the market to understand how different approaches could be supported from within existing partnerships or by shaping tenders to create new ones;
  - (iii) Developing a fully-costed and risk-assessed business case before proceeding with full stakeholder consultation.

7.45 In the final analysis, the Council and CWH are accountable to the residents of Westminster. We recommend that the opportunity is used to engage effectively with as many residents and stakeholders as possible, seeking to draw people into a debate about the nature of services delivered and the priorities for the future. The consultation process should be transparent, inclusive and, so far as possible, representative. Sufficient time should be allowed for the exercise to enable informed engagement with the largest possible number of residents.

**Appendix 1: THE COUNCIL'S BRIEF****1 Requirement**

1.1 City of Westminster (CoW) wishes to undertake a strategic review of housing management provided by its ALMO - CityWest Homes (CWH) with the aim of assuring the Council, resident and stakeholders that services delivered make the most efficient use of resources, that governance and risk arrangements are robust, and that services are being provided to the highest and most consistent standards that resources will allow, whilst ensuring services are fully compliant with health and safety regulations.

1.2 The review will prepare a comparative analysis of the strengths and weaknesses of three future management options:

**Option 1:** Retain the current devolved management arrangement

**Option 2:** Return the provision of housing management services to the Council

**Option 3:** Restructure the current arrangement to optimise value-for-money and provision of quality services, and the delivery of wider Council objectives. This may include reference to other CoW owned companies.

1.3 The Council and CityWest Homes have a Management Agreement that governs the provision of housing management services by CityWest Homes for the City of Westminster. This Agreement has been in place since 2013 and will run for a period of ten years (31<sup>st</sup> March 2022) with a five-year break clause, but with the Council having the ability to terminate or amend the agreement at short notice for strategic or performance-related reasons.

**2 Project summary**

2.1 The purpose of this project is to undertake a strategic review which will consider the most cost-effective model for the Council to deliver housing management services, taking in to account the Council's financial sustainability, long-term viability of the HRA and the priorities and strategic direction of the Council.

**Fieldwork**

2.2 CT will undertake a range of fieldwork activities to gain a broad understanding of the current delivery model, operational performance, oversight and scrutiny, future management options, through:

- Desktop analysis of strategy, management and financial documentation
- Stakeholder interviews with Members, residents, CoW officers, CityWest Homes officers, delivery partners

- Financial analysis of the current HRA position and of each option taking into account future investment and efficiency gains, the regulatory environment and asset management model
- Research into the role of ALMO's in delivering core housing services for their Councils and at delivering diversification, growth and commercial initiatives, that may be applicable to CoW.

### Outline Options Analysis

2.3 Drawing on the fieldwork CT will prepare a baseline analysis highlighting the strengths and weaknesses of the current delivery mode in respect of the scope and quality of service delivery, service governance, risk management and financial efficiency, sustainability and value-add:

**Service delivery and outcomes:** is the service focused and effective?

- Does the scope and alignment of services delivered by the ALMO, through the Council and those delivered by partner organisations maximise outcomes;
- Does the service meet priorities and stakeholder expectations?
- Does the service meet delivery, quality and customer contentment performance targets;

**Alignment, governance and assurance:** Are current arrangement driving the service forward and are processes robust?

- Are the strategic objectives and plans of the Council and ALMO aligned?
- Is intelligent clienting enabling both parties to achieve their objectives?
- Is the governance model effective in mitigating risk and managing change?
- Is there sufficient assurance of health and safety compliance?

**Financial efficiency:** Are effectively are resources aligned to meet priorities?

- Are cost structures, management costs and overheads transparent and understood?
- What efficiency gains or reallocation of assets to the front-line are possible?
- How effective is the stewardship of HRA and General Fund assets?

**Sustainability and value-add:** How well placed is the current model to meet changing strategic demands and operating environment challenges?

- Can the current model meet the objectives and expectations of stakeholders - what is the medium-term focus?
- What opportunities are there for broader alignment of housing services within the borough to achieve wider outcomes?
- What are the core 'leverageable' capabilities of the service?

2.4 We will make a set of recommendations within the context of the three future management options, that will start to establish their relative merits and deliverability:

- The scope and delivery of services within an outline target operating model

- Strategic alignment, business, resource and service planning
- Governance and clienting arrangements
- Resource allocation and potential efficiencies

### **Full Options Analysis**

- 2.5 In light of the review with CoW we will develop a more detailed analysis of the scope, costs and benefits, and achievability of each of the three management options. This will focus on identifying and outlining:
- a) An optimised service model that best aligns with delivery of housing services
  - b) Sustainable housing management organisational and operational structures that underpin service goals and expectations whilst maximising efficiency;
  - c) Sustainable HRA and business plans, maximising General Fund contributions;
  - d) Robust governance and clienting arrangements
- 2.6 The final report will include a full synopsis of the operational performance and financial effectiveness of the current delivery model, and its value to residents. For each of the options we will set-out its relative strengths and weaknesses, its service impact, financial impact, ability to meet the Council's objective, and relative achievability, arriving at a clearly justified and supported preferred option to deliver:
- a) Executive summary;
  - b) Description of methodology;
  - c) Synopsis of the key findings from the baseline analysis and consultation;
  - d) Description, evaluation and indicative costings of the options;
  - e) Outlines legal, financial and HR delivery issues, risks and achievability considerations;
  - f) An indicative implementation plan;
  - g) Appendices such as a summary of financial modelling and details of stakeholder consultation

**Appendix 2: DOCUMENTS REVIEWED**

<b>CityWest Homes documents</b>
CityWest Homes Business Plan Update 2018
CWH Strategy 2015
CWH Strategy 2018
CWH Health and Wellbeing Strategy 2017
CWH Asset Management Principles and Framework 2018
CWH People Strategy 2017
CWH Engagement Strategy
CWH Health and Wellbeing Strategy 2017
CWH IT Strategy and Roadmap 2018
CWH Report and Annual Statement 2017-18
CWH Management Accounts 2017-18
Expenditure on existing HRA stock 2018
CWH Board Papers (2016-18)
CWH Committee Papers (2016-18)
Customer Satisfaction Survey 2017
Resident Council and Area Panel Papers (2016-2018)
Decent Homes Update April 2018
CWH Fire Strategy and Master Plan 2018
Audit Reports (2014-2018)
Altair Governance Review Report (2015)
Altair Target Operating Model Report (2015)

<b>City of Westminster documents</b>
WCC Housing Strategy 2015
Westminster City Plan 2016
Westminster Housing Market Analysis 2014
Establishing a Wholly Owned Management Company Cabinet Report 2017
Growth, Planning and Housing Business Plan 2018
CWH Management Agreement 2012
CWH Strategic and Performance Framework 2017

CWH Clienting meeting papers (2016-2018)
Altair Review of housing management options 2015
Campbell Tickell service diagnosis review of CWH Customer Services and Repairs March 2018
Campbell Tickell review of WCC-CWH clienting arrangements 2016

<b>Other documents</b>
Labour Group submission to the review September 2018
Labour Group survey of residents September 2018

**Appendix 3: WESTMINSTER HOUSING SERVICES DELEGATED AND RETAINED SERVICES**

Function	Delegation	Lead
<b>Housing Strategy</b>		
Strategic work with Social Landlords	Retained	WCC
Council tenant involvement strategy	Shared	WCC
Enabling	Retained	WCC
Contribution to corporate planning	Shared	WCC
<b>Housing Needs</b>		
Housing needs	Retained	WCC
Homelessness	Retained	WCC
Housing Choice	Retained	WCC
Housing Benefits	Outsourced	RMG
<b>Community safety</b>		
ASB - strategy	Retained	WCC
ASB – Council tenants	Delegated	CWH
ASB (excluding Council tenants)	Retained	WCC
<b>HRA land and assets</b>		
Sale of HRA land	Retained	WCC
Disposal of commercial dwellings	Retained	WCC
<b>Management of Right to Buy</b>		
Valuations	Delegated	CWH
Administration	Delegated	CWH
Approval	Delegated	CWH
Final consent and sale	Delegated	CWH
Right to first refusal	Delegated	CWH
<b>Homelessness</b>		
Housing advice	Outsourced	RMG
Assessment of homelessness applications	Outsourced	RMG
Prevention of homelessness	Outsourced	RMG
Corporate objectives	Retained	WCC
<b>New Tenancies</b>		
Housing Register	Outsourced	RMG
Making best use of housing stock	Delegated	CWH
Nomination of tenants	Outsourced	RMG
Notification and sign-up	Delegated	CWH
Granting of new tenancies	Delegated	CWH

Function	Delegation	Lead
Statutory succession	Delegated	CWH
Discretionary succession	Delegated	CWH
Mutual exchange	Delegated	CWH
Allocation policy	Retained	WCC
<b>HRA Business Plan</b>		
Business Plan	Retained	WCC
Statistical returns	Retained	Shared
<b>Repairs and Maintenance</b>		
Stock condition surveys	Delegated	CWH
Responsive repairs (including policy)	Delegated	CWH
Planned maintenance and cyclical repairs	Delegated	CWH
Modernisation and improvement policy	Delegated	CWH
Replacement and renewal	Delegated	CWH
Energy efficiency	Delegated	CWH
<b>Void Management</b>		
Tenancy terminations	Delegated	CWH
Inspections and repairs	Delegated	CWH
Void policy	Shared	WCC
<b>Tenancy Management</b>		
Tenancy management and amendment of terms	Delegated	CWH
Estate management	Delegated	CWH
Caretaking	Delegated	CWH
Grounds maintenance	Delegated	CWH
Garages	Delegated	CWH
Enforcement	Delegated	CWH
Illegal occupation	Delegated	CWH
Requesting ASB orders	Retained	WCC
Police protocols	Delegated	CWH
Tenancy management policy	Delegated	CWH
<b>Leasehold Management</b>		
Leasehold policy	Retained	WCC
Leaseholder consultation	Delegated	CWH
Service charge collection	Delegated	CWH
Planned maintenance and cyclical repairs	Delegated	CWH
Recharges	Delegated	CWH
Enforcement of leasehold conditions	Delegated	CWH

Function	Delegation	Lead
<b>Finance</b>		
Agreeing the HRA	Shared	WCC
Rent and service charge setting	Delegated	CWH
Rent collection	Delegated	CWH
Arrears recovery	Delegated	CWH
Financial returns – HRA	Delegated	CWH
Management of capital programme	Delegated	CWH
Management of capital expenditure	Delegated	CWH
Financial management of HRA	Delegated	CWH
Procurement	Delegated	CWH
Managing contracts for delegated activity	Delegated	CWH
Managing capital and repairs contracts	Shared	CWH
<b>Tenant Involvement</b>		
Tenant involvement policy	Delegated	CWH
Tenant and resident association development	Delegated	CWH
Consultation on policy change	Delegated	CWH
Consultation on ALMO contract	Shared	Both
Newsletters and reports to tenants	Delegated	CWH
Satisfaction surveys	Delegated	CWH
Support and development of local plans	Shared	CWH
<b>Complaints</b>		
Customer complaints relating to HRA activities	Delegated	CWH
Ombudsman complaints	Delegated	CWH
Appeals in relation to complaints	Delegated	CWH
Elected Member enquiries	Delegated	CWH

**Appendix 4: STAKEHOLDER INTERVIEWEES****CITYWEST HOMES**Officers

██████████ Chief Executive  
██████████ Chief Operating Officer  
██████████ Executive Director of Shared Services  
██████████ Executive Director of Asset Strategy and Development  
██████████ Executive Director of Strategy and Planning  
██████████ Executive Director of Finance

Board Members

██████████ Chair

**CITY OF WESTMINSTER**Members

██████████ Cabinet Member for Housing  
██████████ Cabinet Member for Finance, Property and Regeneration  
██████████ Chairman of Policy & Scrutiny Committee  
██████████ Leader of the Labour Group

Officers

██████████ Chief Executive  
██████████ Executive Director of Growth, Planning and Housing  
██████████ Director of Housing and Regeneration  
██████████ Strategic Finance Manager, Growth, Planning and Housing  
██████████ Head of Affordable Housing and Strategy  
██████████ Assistant City Treasurer, Commercial and Financial Management

**RESIDENTS**

██████████ Chair of Residents Council  
Residents Council representatives (focus group)  
Area Panel representatives (focus group)

**PARTNERS**

██████████ RMG Head of Service  
██████████ Managing Director, Morgan Sindall Property Services  
██████████ Chief Operating Officer, Orchard  
██████████ Chief Operating Officer, Vodafone

**POTENTIAL EXTERNAL SERVICE PROVIDERS (in relation to Option 4)**

██████████ Group Chief Executive, Hyde Housing  
██████████ RMG Head of Service  
██████████ Group Chief Executive, Notting Hill Genesis  
██████████ Group Chief Executive, Network Homes  
██████████ Managing Director, Morgan Sindall Property Services

[REDACTED]

[REDACTED] Group Business Development Director, Pinnacle Group

[REDACTED] Managing Director - Housing Management Services, Mears Group plc

**Appendix 5: SERVICE ASSUMPTIONS**

CWH Directorate	Service	Cost Centre	CWH Budget £000	Retain Option		Return option	
				Action to be Taken	% reduction applied	Action to be Taken	% reduction applied
Asset Strategy & Development	Broadband applications	314	£148.315	No Change	0.00%	No Change	0.00%
Asset Strategy & Development	Asset Strategy & Regen Programme & Commercial	660	£796.979	No Change	0.00%	No Change	0.00%
Asset Strategy & Development	Construction team	663	£787.378	Transfer	0.00%	Transfer	0.00%
Asset Strategy & Development	Development	896	£1,699.783	Transfer	0.00%	Transfer	0.00%
Housing	CWD Services	400	£1,894.657	No Change	0.00%	No Change	0.00%
Housing	Central Hub	410	£420.770	No Change	0.00%	No Change	0.00%
Housing	South Hub	900	£650.770	No Change	0.00%	No Change	0.00%
Housing	West Hub	420	£376.321	No Change	0.00%	No Change	0.00%
Housing	North Hub	430	£311.243	No Change	0.00%	No Change	0.00%
Contact Centre	CityWest Connect	255	£2,361.395	Reduce	10.00%	Transfer	10.00%
Contracts & Standards	Contracts & Standards	209	£251.126	No Change	0.00%	No Change	0.00%
Contracts & Standards	Circle 33	912	£25.788	No Change	0.00%	No Change	0.00%
Contracts & Standards	Genesis	405	£213.767	No Change	0.00%	No Change	0.00%
Contracts & Standards	WCH	908	£158.398	No Change	0.00%	No Change	0.00%
Contracts & Standards	A2 Dominion	909	£39.782	No Change	0.00%	No Change	0.00%
Engagement and community Development	Resident Engagement & Opportunities	215	£388.835	No Change	0.00%	No Change	0.00%
Engagement and community Development	Churchill Youth Club	240	£221.730	No Change	0.00%	No Change	0.00%
Engagement and community Development	Community Development	260	£336.312	No Change	0.00%	No Change	0.00%
Pinnacle & Continental	Pinnacle & Continental	No Code	£4,443.918	No Change	0.00%	No Change	0.00%
Property	PDHU & Energy	217	£491.571	No Change	0.00%	No Change	0.00%
Property	Traditional Major Works	570	£505.299	No Change	0.00%	No Change	0.00%
Property	Term Contract Major Works	571	£2,282.425	No Change	0.00%	No Change	0.00%
Property	Property Maintenance	670	£1,113.609	No Change	0.00%	No Change	0.00%
Property	Projects Team	671	£931.972	No Change	0.00%	No Change	0.00%
Property	Mechanical & Electrical Engineering	672	£1,386.597	No Change	0.00%	No Change	0.00%
Property	Property Services	679	£261.584	No Change	0.00%	No Change	0.00%
Property	Commercial Performance	680	£440.388	Reduce	10.00%	Reduce	20.00%
Property	Communications team	681	£307.088	Reduce	10.00%	Reduce	20.00%
Finance	CWR	280	£2,142.688	Eliminate	100.00%	Eliminate	100.00%
Finance	Leasehold Operations	250	£1,262.200	No Change	0.00%	No Change	0.00%
Finance	Leasehold Operations	253	£122.600	No Change	0.00%	No Change	0.00%
Finance	Transformation	315	£677.455	Reduce	80.00%	Reduce	80.00%
Finance	Finance	610	£968.414	Reduce	10.00%	Reduce	20.00%
Finance	Financial Control	611	£492.216	Reduce	10.00%	Reduce	20.00%
Finance	Procurement	620	£186.094	Reduce	10.00%	Reduce	20.00%
Shared Services	Exec team	110	£1,623.731	Reduce	10.00%	Reduce	20.00%
Shared Services	Office Services	585	£595.563	Reduce	10.00%	Reduce	20.00%
Shared Services	Learning & Development	586	£361.159	Reduce	10.00%	Reduce	20.00%
Shared Services	IT Management	650	£1,343.788	Reduce	10.00%	Reduce	20.00%
Shared Services	Health, Safety and Wellbeing	111	£500.141	No Change	0.00%	No Change	0.00%
Shared Services	HR	730	£1,097.843	Reduce	10.00%	Reduce	20.00%
Strategy & Planning	Board Expenses	120	£53.938	Reduce	20.00%	Eliminate	100.00%
Strategy & Planning	Strategy & Quality	214	£591.609	No Change	0.00%	Reduce	50.00%
Strategy & Planning	Corporate Governance	740	£176.976	No Change	0.00%	Eliminate	100.00%
Third Party	Little Venice	151	£286.227	Transfer	0.00%	Transfer	0.00%
Third Party	WCC Recharges	208	£420.466	Transfer	0.00%	Transfer	0.00%
Third Party	WCH (acquisition)	252	£248.904	Transfer	0.00%	Transfer	0.00%