



CITY OF WESTMINSTER

MINUTES

Budget Scrutiny Task Group

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Budget Scrutiny Task Group** held on **Monday 23rd January, 2023**, 18th Floor, 64 Victoria Street, London, SW1E 6QP.

Members Present: Councillors Paul Fisher (Chair), Melvyn Caplan, Ellie Ormsby, Angela Piddock, Paul Swaddle, Rachael Robathan, and Aziz Toki.

Also Present: Gerald Almeroth (Executive Director of Finance and Resources), Jake Bacchus (Director of Finance), Mark Banks (Head of Waste and Cleansing), Joginder Chana (SFM City Management and Communities), Nicky Crouch (Director of Public Protection and Licensing), Damian Hemmings (Climate Emergency Programme Director), Amy Jones (Director of Environment), Stuart Love (Chief Executive), Phil Robson (Head of Operations), Jonathan Rowing (Head of Parking), Serena Simon (Director of Communities), Rikin Tailor (SFM Head of Corporate Finance), Lee Witham (Director of People Services), Kim Wreford (SFM Corporate Services), Pedro Wrobel (Executive Director of Innovation and Change), and Clare O'Keefe (Lead Policy and Scrutiny Advisor).

1 WELCOME

- 1.1 The Chair welcomed those present to the Budget Scrutiny Task Group (BSTG).
- 1.2 The Chair noted that there had been no apologies given.

2 DECLARATIONS OF INTEREST

- 2.1 There were no declarations of interest.

3 MEDIUM TERM FINANCIAL PLAN 2023/2024

- 3.1. Items 3.1 to 3.5 were taken together under Item 3.1.
 - 3.1.1 Gerald Almeroth (Executive Director Finance and Resources) introduced the report to the BSTG. Jake Bacchus (Director of Finance) presented an overview of the 2023/24 Budget, including background and context for setting the Budget.

3.1.2 Gerald Almeroth informed the BSTG on Fairer Westminster, the 2022/23 Budget and the Medium Term Financial Plan (MTFP) Budget Gap to 2026/27.

3.1.3 Members queried:

- The new savings and pressures in the MTFP which have been forecasted to tail off in year 2024/25 and whether this is a prudent forecast.
- The healthy interest figure in the MTFP and whether underlying assumptions regarding the net cash reserves of the Council reflect the projected shift of being a net interest earner to taking on more debt and drawing down on reserves.
- Whether the merging of two schools, and the prospect of needing to merge more, will impact on levels of Government funding because falling rolls and rising costs mean schools can't keep going with the number of pupils they have.
- The ringfenced funding that the schools receive and whether costs from merged schools can be redistributed within the school's service.
- Proposals to close the 2023/24 Budget gap, including Council Tax and the possibility of this rising, as well as whether using reserves to absorb the gap and balance the Budget is sustainable.
- The £5m net overspend and whether this will come from reserves or the General Fund.
- The assumptions given to interest rates and what has been assumed in the Budgets, and how.
- The assumption going forward relating to investing cash; whether cash will continue to be invested in short-term funds to gain high interest rates or whether officers will start thinking about longer investments to lock in a high rate before interest falls.
- Use of loans to tackle an ambitious programme of works and whether assumptions need to change, especially in relation to construction and what indices are being looked at to make those decisions.
- The decision behind using £5.6m from the reserves to pay for Fairer Westminster.
- How measurements of vulnerability are being made to target vulnerable residents to provide support during the Cost-of-Living Crisis.
- The number of residents who were eligible for the £150 Council Tax rebate and received these funds, acknowledging those residents who do not pay their Council Tax via direct debit and for whom the process was not automatic.

ACTIONS

1. The BSTG will be informed of the number of residents who were eligible for the £150 Council Tax rebate and received those funds.

3.2 EXECUTIVE LEADERSHIP TEAM SUMMARIES

3.2.A Finance and Resources, People Services 2023/24 Budget

Gerald Almeroth (Executive Director of Finance and Resources) presented the Finance and Resources, People Services 2023/24 Budget.

Members queried:

- The savings made from fees and charges increases and where these derive.
- The impact of lost income from businesses who have been forced to close from the Cost-of-Living Crisis.
- The good news regarding the reduced City Hall rental uplift.
- The purchase of energy and the timeline of when the Council needs to secure 100% of all energy requirements before the end of this fiscal year for 2023/24.
- The improved reporting and control efficiencies in the finance department and what the savings mean.
- The procurement service review of staffing levels and whether this represents a shift of resource for new activity or reducing staff.
- The Fairer Westminster Responsible Procurement Strategy; whilst there is a reduction in procurement spend, there are funds being invested under Responsible Procurement and what these are.
- Whether the 2% growth target for Investment Property is realistic especially concerning voids, pressure on rental levels and the Cost-of-Living Crisis.
- The £2m in savings under Digital and Innovation and how this will be achieved.
- The revenue implications of the Fairer Westminster Responsible Procurement strategy.
- The Tech Lions 2.0 apprenticeship campaign, including how far along this is as well as where from and how apprentices have been recruited.
- Whether the Smart City and Digital Programme efficiency savings have had input from services when historically ideas have been difficult to obtain.
- Why the disaggregation of the Bi-Borough IT service savings are no longer achievable.
- Whether the procurement process is too onerous for Small and Medium-sized Enterprises who are at risk of becoming exempt from some of the rigours of the process.
- The risk of generating false economies in relation to reviewing external legal fees and ensuring that this is driven by a change in service rather than savings.

ACTIONS

1. The BSTG will receive a breakdown of the funds being invested under the Fairer Westminster Responsible Procurement Strategy.
2. All Councillors to have an opportunity to meet the Tech Lions 2.0 apprentices.
3. The Bi-Borough Director of Law to provide more information on the review of external legal fees.

3.2.B Innovation and Change 2023/24 Budget

Pedro Wrobel (Executive Director of Innovation and Change) presented the Innovation and Change 2023/24 Budget.

Members queried:

- The Policy and Scrutiny Committees responsible for Sport and Leisure and Communities as there are significant changes to these areas and it's important that proper scrutiny is undertaken.

- Details on the expansion of advertising screens, including proposed locations.
- The implications of parks not being locked or having staggered locking times, especially concerning Anti-Social Behaviour issues and the need for thorough consultation with Councillors and residents before decisions are made.
- The minimum income guarantee as part of the leisure contract re-negotiation and the changed risk profile of the leisure service where it could become a major cost rather than a major benefit.
- The £672k additional resource requirement under the Communities department and what this means in terms of staffing.
- The £200k spend on commissioning a review of the City Plan and what this will encompass.
- The Neighbourhood Keepers scheme and, now that it is coming to an end, whether the communities it served will suffer from the loss.
- The increased income garnered from cemeteries, which exceeded the Budget, and changes in behaviour.
- The nature of the savings proposals being residents-facing, rather than back-office reviews of the effectiveness of the directorate, and the impact of these proposals on residents.
- The reason for the £300k difference between income for 2022/23 and 2023/24 under communications.
- The Westminster Advice Service Partnership Contract and the impact of this contract as well as value for money.
- The resources shifted from the Ward Budget Programme as a result of two wards being removed and whether the decision not to split the savings between the remaining wards is fair to those wards who do allocate 100% of their funds each fiscal year.
- The fees and charges for leisure contracts in the current economic climate, and the service provided to users if services are cut.

ACTIONS

1. The BSTG will receive more information on the minimum income guarantee as part of the leisure contract re-negotiation as well as fees and charges.

3.2.C Environment and City Management 2023/24 Budget

Amy Jones (Director of Environment) and Phil Robson (Head of Operations) presented the Environment and City Management 2023/24 Budget.

Members queried:

- The internal approach to combat the issue of discouraging car use in the City but recognising the Budget's reliance on parking income.
- The consideration given to those who can least afford the impact of measures in regard to car use and parking and those who need to use cars especially outside of the central areas.
- Road safety initiatives and the income they generate as well as the introduction of additional cameras needing to be based on evidence.
- Parking being a significant figure set against a backdrop of falling car usage and the likelihood of electric vehicles coming within the charging remit to hit

the set income targets: this needs to be understood to understand the assumptions in the forecast.

- Whilst delighted to have an electric street cleansing service, concerns were raised about whether moving to more waste collections a week means that this will be a pressure on costs and where this is set out in both the Veolia contract as well as the Budget.
- The Environment and City Management Budget being a large risk to the general Budget due to its dependency on income and care should be placed not to onerously tax visitors to the City.
- The concern regarding the absence of pressures of revenue items in the Budget despite many changes being income driven.
- Ensuring that timetabling for the Parking Structure Review is correct and receives scrutiny from the relevant Policy and Scrutiny Committee before consultation starts.
- The consideration of what is termed as a reasonable parking permit cost, especially acknowledging that Driver and Vehicle Licensing Agency tiers are restrictive, and the wrong vehicles could be taxed.
- Road safety initiatives and what offences can be charged for, including moving traffic and school streets.
- The confidence regarding a lack of pressures or cost increases indicated in wide areas such as waste.
- The impact of the Future City Management Public Protection and Licensing review, the lack of savings made and change to frontline service.
- Optional SMS Charging and the decision to uplift the charge from its introduction last year in a market where parking is declining.
- The £600k investment in Fairer Westminster proposals and what specifically this is being spent on.
- The potential for a visitors parking scheme especially considering visitors such as carers who need to regularly drive into the City.

ACTIONS

1. Proportionality should be ensured when considering the impact of car use and parking measures.
2. The BSTG to receive a response on whether the increase in waste collections will be a pressure on costs or if this is set out in the contract.
3. The Communities, City Management and Air Quality Policy and Scrutiny Committee will scrutinise the Parking Structure Review prior to consultations.
4. The BSTG to receive a breakdown of the £600k investment in Fairer Westminster proposals.
5. Officers to investigate a targeted approach to a visitors parking scheme.

The Chair registered his thanks to all those who were involved in this year's Budget Scrutiny Task Group and recognised the significant investment in time and energy provided by officers and Members.

The meeting ended at 20:48.